

and of reducing the real wages paid the Malayan workers, while the British Government, with a stranglehold on the great world sources of this commodity, has charged what the traffic would bear, and the American Government, stockpiling rubber, seems to have no objection; indeed, our Government officials seem to be delighted that the increased price has substantially improved the British dollar position while holding the Malayan wages down to virtually the slave-level labor. We are also the real losers in addition to the Malayan labor, since we are the chief purchasers and the cost has been raised above the cost of the production of synthetic rubber in this country.

The latter subject, of course, raises a great question as to how the increase in price on a single product not produced in Britain could so spectacularly increase the dollar position.

BUILDING COMMUNISM IN BACKWARD COUNTRIES

If the British were acting even as honest brokers, Mr. President, this could not be so. The obvious answer is that Britain is getting the lion's share of the spread between the lowered wages of the Malayan and the increased price to us, leaving the Malayan producer and worker sullen, resentful, and a real candidate for Russian blandishments. Russia is the real beneficiary. Britain is also selling to the Russian Government, in fact, promoting lively bidding between Russia and the United States for the rubber closely controlled by them with our help.

Mr. President, it is very evident what point 4 was proposed to do. The spokesmen for the administration were very frank some weeks ago to say that point 4 was to take the place of ECA and the Marshall plan as they were reduced.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Does the Senator from Nevada yield to the senior Senator from Massachusetts?

Mr. MALONE. I shall not yield for several minutes, Mr. President, until I have finished the particular point to which I am now addressing myself.

POINT 4 AND THE MARSHALL PLAN

Mr. President, it was very plain that point 4 is to take the place of the Marshall plan and ECA in 1952. There is always a new siphon into the United States Treasury.

BACKWARD AREAS

If there is any question about developing the backward areas, and that the distinguished Senator from New Jersey [Mr. SMITH] knew whereof he spoke when he said that part of the plan was to provide trade between all of the areas of Europe and Asia, let me call attention to the fact that on May 5, at page 6433 of the RECORD, the junior Senator from Nevada put in the RECORD a list of 96 trade treaties made by the 16 Marshall-plan countries with iron-curtain countries, under which they are and have been, since the close of World War II, selling them everything from ball bearings, tool steel, electrical equipment, to heavy road machinery, including locomotives and freight cars, that they need to fight a war with the United States

of America and to consolidate their gains in eastern Europe and China.

The backward areas are doing all right—even Communist China—the British are taking care of them through Hongkong. Mr. President, I hope for the benefit of the senior Senator from Texas and others who have been so worried about getting the point 4—the bold new program—siphon into the United States Treasury this afternoon, that they are satisfied. For the past 4 hours on the floor of the Senate they have explained that we should adopt point 4—the bold new program which is on the President's "must" program—but that it would not mean anything.

UNITED STATES FURNISHING WAR MATERIAL TO RUSSIA AND IRON-CURTAIN COUNTRIES

For the last 2 years we have furnished the cash, the goods, and the industrial equipment, if you please, to the 16 Marshall-plan countries, so that they may do what?

So that they may furnish the goods needed by Russia and the iron-curtain countries to make war on the United States of America, and to consolidate their position in eastern Europe and China. They are getting the necessary goods on the first bounce.

The Marshall plan ECA countries have proved that they have no regard for our safety or integrity through trading directly with the nations which we said we wanted to "contain" through the adoption of the Marshall plan.

Mr. President, I now yield to the senior Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the junior Senator from Nevada be given the floor tomorrow when the Senate convenes, in order that he may continue his remarks.

The PRESIDING OFFICER. Is there objection?

Mr. LUCAS. Mr. President, I shall not object, but I assume that if the Senator from Texas were here he would be on his feet.

Mr. MALONE. I suggest that the Senator send for him.

Mr. SALTONSTALL. I respectfully request that the Presiding Officer put the request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts? The Chair hears none, and it is so ordered.

RECESS

Mr. LUCAS. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 4 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, May 24, 1950, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 23 (legislative day of March 29), 1950:

IN THE NAVY

The following-named midshipmen (aviation) to be ensigns in the Navy, from the 2d day of June 1950:

Albert L. Abdin	Robert J. Basso
Warren L. Ackerman	Fred J. Bellar, Jr.
Henry G. Bailey	Lawrence W. Burns,
Franklin H. Barker	Jr.

Dale E. Campbell	Russell A. Marcellus
Donald D. Casson	Billy W. Matthews
Robert J. Ceremask	Phillip A. May
Robert D. Connolly	Timothy J. McMahon
Phillip L. Dafford	Joseph Meachum
Lawrence C. Day	Robert D. Metzger
Robert F. Dreesen	Carl H. Molling
Lawrence F. Emigholz	Ralph C. Nash, Jr.
John O. England	Robert A. O'Connor,
George A. Finke	Jr.
Francis L. Fleming	Valfrid E. Palmer
Thomas D. Fritsch	Engelbert G. Pezzel
Howard E. Furgalack	William B. Pruitt
Thomas R. Galley	Abram H. Quacken-
Daniel E. Gillis	bush
Arthur W. Goudey	Carmelo C. Restuccia
Carl A. Gray	Carl W. Rochester
William A. Gregg IV	Roger E. Ruch
Donald F. Guertin	John A. Schaefer
William A. Gureck	Harry G. Simmerman
John A. Hershel	Jack D. Sirrine
Herbert Q. Himes	Daniel J. Sliwinski
Delbert D. Hofferth	Jerome W. Smith
Bruce P. Hoffman	Robert W. Sommer
Paul I. Hunter	Robert S. Stallings
Selmer O. Iverson	David O. Story
Benjamin F. James, Jr.	Paul R. Streich
Daniel C. Johnson	David T. Styles
Homer R. Johnson	Gerald S. Talley
Donald E. Keil	John R. Thomson
John W. Kelly	Ronald G. Tinlin
Bruce R. King, Jr.	Richard A. Trethric
Ben P. Kingsbury	Ralph M. Tvede, Jr.
Darrell F. Kirkpatrick	Lawrence T. Vance
Charles P. Lamb, Jr.	William B. Warwick
Henry C. LaParo	Glenn L. Wegner
Robert LeR. Lawrence	Ronald B. West
Paul W. Leinbach	Donald R. Wilson
Arthur H. Leonard, Jr.	James K. Wilson
William J. Leonard	Don L. Wuethrich
Philip A. Lord	James C. Youngblood
Donald M. Lynam	Donald R. Zachary
William J. Maier, Jr.	Charles H. Zilich

The following-named (Naval R. O. T. C.) to be ensigns in the Navy, from the 2d day of June 1950:

Roderick E. Jensen.
Peter R. Kuhl.

Maurice G. Duncan (Naval R. O. T. C.) to be an ensign in the Navy, from the 2d day of June 1950, in lieu of second lieutenant in the Marine Corps, as previously nominated and confirmed.

Peter C. Conglis (civilian college graduate) to be a lieutenant in the Dental Corps of the Navy.

The following-named (civilian college graduates) to be lieutenants (junior grade) in the Dental Corps of the Navy:

Robert E. Austin	William L. Robinhold
Marx R. Budden	Paul E. Zeigler
Frederick J. Finnegan	

"J" T. Walmsley, Jr. (Naval R. O. T. C.) to be an ensign in the Supply Corps of the Navy, from the 2d day of June 1950, in lieu of ensign in the Supply Corps of the Navy, as previously nominated, to correct name.

Philip W. K. Sweet, Jr. (Naval R. O. T. C.) to be an ensign in the Navy from the 2d day of June 1950, in lieu of ensign in the Navy, as previously nominated and confirmed, to correct name.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 23, 1950

The House met at 11 o'clock a. m., and was called to order by the Speaker pro tempore, Mr. McCORMACK.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, whose divine authority we cannot doubt and whose appeal of sacrificial love we cannot silence, we

pray that we may obey Thy holy will more faithfully.

Give us a daring confidence in the reality and power of the spiritual forces during these days when burdened and broken-hearted humanity seems to be a discordant, confused, struggling mass with nothing to hold it together.

Inspire us to accept those principles and ideals which Thou hast ordained as the sure and strong foundation upon which to build a nobler civilization.

May all the members of the human family be brought into fellowship with our blessed Lord and find in His spirit the secret of good will and the joy of an enduring peace.

In His name we bring our petitions. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE LATE JOHN ANDREWS

The SPEAKER pro tempore. The Chair recognizes the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, it is with a heavy heart that I announce the death of a beloved friend, the former Clerk of the House of Representatives, presently a minority employee, John Andrews.

For more than 26 years he was a warm personal friend, one for whom I had a great deal of admiration and affection. He was a man with a fine personality. He had the ability to make friends readily and hold those friends to him with grips of steel. He was kind and sympathetic. He loved to serve his friends and all those who requested his services. He was a man of ability and character. For many years he served this country, both as a soldier in the First World War and in civilian life, with fidelity seldom exceeded.

When the Republicans came into control of the Eightieth Congress there was but one choice for Clerk of the House of Representatives, and that was John Andrews. As the Speaker of that body I can honestly and truthfully say that it was with rare ability and conscientious devotion to service that he served this House, for which he had the greatest respect. It appeared to me throughout his long public service he was guided by but one motive: How best to serve his country. I know he revered our Congress, which many have said was the greatest legislative body in all the world. His purpose in his service here was to make the House of Representatives stand out stronger in the estimation of the people of the United States, because he realized that here in this Congress was where freedom was born and where it must be kept alive. So it is with a heavy heart that I announce the death of this good friend of mine. All of us have lost a dear friend and a wise counselor. Our country has lost an honest, faithful, conscientious public servant that it could ill afford to lose.

To his family and to his good wife I extend my deepest sympathy in their hour of bereavement. May they find sympathy and consolation in the realization that a good life is never ended. It shines on through eternity.

I yield to my good friend the distinguished majority leader.

Mr. McCORMACK. Mr. Speaker, it is with a heavy heart that I received the news of the death of my old friend John Andrews.

John Andrews was a member of the official family of the National House of Representatives. We of the House have a great fondness and attachment for everyone who constitutes the membership of the official family of the House from the Clerk of the House of Representatives down to each and every page. John Andrews not only was a member of the official family of this great body but also every one of us had for him a high regard for his integrity and character and a strong feeling of friendship for him. I was proud to number him among my close personal friends. That relationship existed between us in addition to the intense admiration I had for him as a man and as a member of the official family of this body.

John Andrews was a man of deep faith; he was a man who every day constantly had uppermost in his mind the fact that the journey of life is but the road or the avenue to eternal life with God Himself. John Andrews lived up to the spiritual principles he believed in; and I am confident, knowing John Andrews as I did, that his soul goes to meet the Maker with confidence of the favorable judgment that we all hope to receive when we take the journey into the Great Beyond.

His passing is a source of keen regret not only to the House but to every former Member who knew him; and to his many friends, not only here but throughout the country and back in Massachusetts; and to Mrs. Andrews and his loved ones I join with my distinguished friend from Massachusetts [Mr. MARTIN] in extending the deep sympathy of Mrs. McCormack and myself; and with that goes, I know, the deep sympathy of every Member of this body.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield to one who probably was the closest friend John Andrews had in the House, my good friend the distinguished gentleman from New Jersey [Mr. CANFIELD].

Mr. CANFIELD. Mr. Speaker, the Chaplain today prayed for broken hearts, and there are many grieving hearts here in this Chamber at this hour and on the sidewalks of this the Capital City of the Nation.

Mr. Speaker, it was my privilege and good fortune to know Jack Andrews for 27 of the 33 years he labored on Capitol Hill. We were very close. He was sort of a combination of father and pal. When he was called away last night, I felt the loss of a large part of what I have known as my Washington.

Jack Andrews was one of the most Christlike men I have ever known. He was very devout, and he believed deeply that his mission on earth was to be helpful and kind to others.

He loved his country and was ready to die for it. He loved the House of Representatives, and he knew and had a good word to say for every Member and employee. The epitaph on his marker

at Arlington could well bear the legend "He loved people."

Walking to the Capitol this morning from Jack's home on Fifth Street SE., I stopped to convey the sad news to his Chinese laundryman. Tears came to the latter's eyes as he said, "Good man—he always smile and say kind words." A few doors away the Greek fruit vendor asked me to sit down and tell him all the details. "I can't believe," was his comment. Sam, the barber, had already read the account in the morning papers, but he had this to say, "I wish God would send us more men like Jack." And I might add that in making my long-distance telephone calls this morning the Capitol operators spoke most feelingly of the loss of one who always remembered them. In fact, although he became Clerk of the House in the Eightieth Congress and the boss of hundreds of workers, he was always one to classify himself as one of the hired help.

My secretary said this morning that she had never heard Jack Andrews say an unkind word about anybody, and this truly was part of the pattern of his life. He always liked to be on the giving, not the receiving, end. It was hard for a close personal friend to do something for him.

In a large sense, Jack Andrews was a casualty of congressional pressures in these turbulent days. Those who know him well will never forget how he did his difficult part under the Reorganization Act in the Eightieth Congress. If he had any fault, it was a perfectionist complex. Every effort and every undertaking had to be carried out meticulously, and only during recent weeks his successor, Mr. Ralph Roberts, told me in an appearance before the House Subcommittee on Legislative Appropriations that Mr. Andrews had turned in a remarkable performance as Clerk of the House in the Eightieth Congress with inadequate personnel. Undoubtedly, as Mr. Roberts agreed, this contributed to his breakdown in health.

Jack Andrews was exceedingly proud of Catherine Spaight, who became his devoted wife. They loved each other beyond words. Few here today know how she struggled to aid him in his fight for life. Only a few minutes ago I heard her say: "He enjoyed doing so much for others. I wish he could have kept on going." My heart goes out to her in her great sorrow.

Mr. MARTIN of Massachusetts. Mr. Speaker, when I first came to Congress, Mr. Andrews was a clerk on the staff of a Congressman representing a district now represented by the Honorable RICHARD WIGGLESWORTH, of Massachusetts. I now yield to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Speaker, I know that the untimely death of John Andrews will be deeply regretted by all who have known him during his long period of public service.

Coming to Washington some 33 years ago, leaving for the purpose of serving the Nation in the Army during World War I, resuming his work in Washington

after the war, he devoted his entire life to the service of his country.

As the distinguished minority leader, the gentleman from Massachusetts [Mr. MARTIN], has just mentioned, when I first came to Congress almost 22 years ago, John Andrews was one of my secretaries, having served with my predecessor in similar capacity for about 8 years.

His advice and help were invaluable. Our friendship has continued over the years. I have a sense of deep personal loss this morning in his passing.

John Andrews served the minority Members of the House for many years as minority clerk—a position for which it was my privilege to place his name in nomination.

He served all Members of the House during the Eightieth Congress as Clerk of the House—a position which he filled so well and so faithfully.

His character, his ability, his thoughtful consideration, his fine spirit of cooperation endeared him to all.

He will be greatly missed.

I know that we all join in heartfelt sympathy to Mrs. Andrews and to all those close to him.

Mr. MARTIN of Massachusetts. Mr. Speaker, Mr. Andrews was born in Salem. He was a great personal friend of the late Honorable George Bates, and I think no event in recent months cheered him more than the election of his son to Congress. I now yield to my colleague the gentleman from Massachusetts [Mr. BATES].

Mr. BATES of Massachusetts. Mr. Speaker, history will record that during the past 7 months my home town, the city of Salem, Mass., gave two of its most beloved and illustrious sons to God as a result of service to their country. Both had served the Congress well for many years and were closest pals. I cannot eulogize one of them any more than can a man eulogize himself, for we were of the same flesh and blood.

The other was my very dear friend the former Clerk of the House of Representatives—and until yesterday the minority clerk—John Andrews. I have felt for some time that I was closer to him, and he was closer to me, than any other man in Washington. I am well aware that hundreds of people will not concede me that coveted relationship and I can understand their views because John Andrews could impart to his newest acquaintances a feeling of warmth and friendship that was rare and which matured upon first meeting to a degree which ordinarily only years can develop. Whatever may be the depth of affection one man can possess for another, the very deepest was my feeling for John Andrews.

He had the keenest memory of any man I ever knew. He could recite events of your past life, which you yourself could hardly recall, as though he kept your daily diary within his mind. Yes; he thought a lot about people—more than he thought about himself. While it would be difficult for any of us individually to match his power of memory, our collective memories will always retain a sacred and a loving thought for John.

I was with his dear wife and her sisters when John was called, just as I was with John when his own father passed away. Mrs. Andrews, in their very short years of marriage, gave to him love and care and affection that could hardly be matched by others in a full measure of married life. She was so kind and so considerate and so gentle to him that it has been heavy on her own life. Her only consolation of the moment is the knowledge that thousands of people share her burden with her and that he is close to God today.

Mr. Speaker, his record of unselfish service to all will never be forgotten by his many friends.

He epitomized much of what Washington meant to me. My family and I shall miss him greatly.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield to my colleague from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, John Andrews was a good man. He was a fine man. I had the privilege of knowing him prior to coming to Congress 25 years ago, when he was associated with my own family, with my husband.

I never knew him to do anything which was not fine, anything that was not gentle, anything that was not good for the people of this country. He is one of the men who always had the deepest and highest respect for the Congress of the United States, the highest respect for the Speaker and the floor leaders, and the highest respect for the Members. He was one of the men who thought good of the Members of Congress and not ill. If there was anything he could do to help a Member of Congress live up to his high office he always did it. If any Member was criticized unjustly, he always tried to defend that Member.

I should like to speak especially of the courage of the man. Many of you remember Tyler Page, who was the Clerk of the House, a man who had been brought up for many years in the history of the Capitol and the history of the Congress. John Andrews tried in his short time to do all the things and to have all the knowledge that Tyler Page had of the Congress and congressional procedure. He was invaluable when we went to him asking for information about legislation and about legislative procedure.

In all that time John Andrews was ill. He worked far beyond his strength. Day after day he gave of his very life blood. He was not willing to give up, he was not willing to delegate his work to other people. He felt he was elected to a high office, and he wanted to use all of his power and all of his strength to make his tenure of office the finest that had ever been given.

We all mourn his passing more than we can say. We mourn with his devoted wife who must have seen, in the past weeks and months, that he was likely not to live and that he was giving his life for his country. John Andrews kept the faith.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield to my colleague, the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Speaker, the sudden and untimely death of John Andrews, former Clerk of the House in the Eightieth Congress, last evening came as a great shock to all of us who knew him.

I recall vividly when I first came to the Congress during the Seventy-seventh Congress, during the middle of that term, as a new man on a new job and as a stranger to the Members, the first person who volunteered his service to me at that time was that Christian gentleman whose memory we honor today.

To those who had known him well and who had shared his friendship, the passing of John Andrews is a deep, personal loss. To us in the House of Representatives he was known as a hard-working and devoted public servant. That Mr. Andrews was well beloved and highly respected by the Members of the Congress is shown by the fact that he was appointed from time to time to positions of importance in the Congress of the United States. What further evidence of affection and esteem could they have shown?

His personality, his sincerity, and his generosity endeared him to all who knew him and especially to those who had the pleasure and privilege of serving here with him, and he well deserved the devotion and love which they freely gave.

He had qualities of mind, and qualities of heart which made him an exceptionally fine public servant. As a friend, yes, and as a representative from the Commonwealth of Massachusetts, the home State of John Andrews, I am proud to pay this tribute to his memory. I am sure that I voice the sentiment of everyone here in the House when I give expression to my feeling that the passing of John Andrews will ever be a loss for which there can be no compensation.

Mr. Speaker, I join with all my colleagues in expressing my deep and sincere feelings of sympathy to Mrs. Andrews and the members of his family. May the Almighty God shower down upon them every blessing.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield to my colleague the gentleman from Ohio [Mrs. BOLTON].

Mrs. BOLTON of Ohio. Mr. Speaker, I think we are all one today in the shock that has come to us. We cannot believe that John Andrews is really gone. We all loved him. We all benefited by the beautiful spirit that was his. We will be better men and women because of him. John served the House many years as minority clerk. In that capacity he gave most of his service to this side of the aisle. During the Eightieth Congress, as Clerk of the House, he served us all—with everything that was in him—and there was so much there.

There comes to my mind a conversation I had with him behind the rail one day. We were discussing the passing of one of the older Members, who had been a close friend of my husband's, as John, too, had been. We talked of those matters which, no matter how casually we brush them aside are constant, which are always in our minds—questions of life and death and what they mean. We talked of the inner need of every human

creature, of the faith you have to live by and the faith you have to die with. I remember at that time having in my purse, just as you all carry little memoranda and bits of poetry in your pockets, these words, which we read together:

Faith is the bird that feels the light
And sings when the dawn is still dark.

That was the kind of faith that John had. There was never a question in his mind but that faith was an active rather than a passive force. To him it was not just believing, not just waiting for something to happen, but it was active and positive, a striving for achievement. John Andrews knew that faith is a brave endeavor and a splendid enterprise.

This quiet, gentle man knew with a definite knowledge that the spirit is eternal. More than once we discussed the wisdom of various ancient religions and philosophies. A little phrase became one we spoke often to each other almost in passing, "Live then always in contemplation of death." This was not death as a pain, but death as a gateway to broader and deeper and greater living.

So, as we take up our lives today we can be certain that he has stepped through a doorway out into a glory that is quite indescribable—a glory that was reflected in his eyes when he smiled, radiating from a faith which is indeed eternal life.

Mr. MARTIN of Massachusetts. I yield to my colleague from Connecticut [Mr. SADLAK].

Mr. SADLAK. Mr. Speaker, I first became acquainted with John Andrews back in November 1926 when, as a student at Georgetown University, I was introduced to him by my distinguished friend and colleague, GORDON CANFIELD, whom I had met earlier through a New Jersey classmate. During these intervening years, I have always treasured the great friendship of John Andrews and over those many years, I have never seen him meet either me or his multitude of friends without a smile. Reflecting now upon our friendship and close association, enhanced during my college and law-school days, during my secretarial years on the Hill, and as a Member of Congress, I remember John Andrews truly as a prince among fellows. He was assiduous in application to every assignment given him; deeply devoted to his wife, family, and friends; sincerely devoted to his faith; a soldier, a gentleman, true to his trust, a splendid American. John Andrews has not died because he has left behind in the hearts of many Members of Congress and all who have had the opportunity of meeting John Andrews a memory which they shall ever cherish.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that all Members may have the privilege of extending their remarks at this point in the RECORD on the life and character of the late John Andrews.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. AUCHINCLOSS. Mr. Speaker, it is not easy to talk about a friend who has passed on when one's heart is so full of the pleasant memories and associations

with him, but we, the living, consider it a privilege to record our respect and our sincere feeling of gratitude at having had the glory of friendship with a real American.

John Andrews was a man who made friends and he commanded their respect because he was an honest thinker, a sincere doer, with an allegiance to his country and the welfare of his Government, which was always his pride and glory. He was a humble man, never asserting himself, nor did he have an aggressive manner, and through his humility he became endeared to all who came in contact with him. His passing leaves a void in the hearts of all of us who knew him and we will be better men and women for having had the privilege of his friendship.

Spun like a thread that feeds a weaver's loom,

Until at last the toiler's task is done,

So was his life a splendid tapestry,

Of priceless faith and friendship he had won.

Mr. CUNNINGHAM. Mr. Speaker, I have lost a friend who has gone to join the caravan traveling to the country from whose bourne no traveler returns. When I first came to Congress one of the first men to greet me was John Andrews. He welcomed me with a smile and an offer of assistance. He was more than just an employee of the House; he was an institution; he loved people; he loved his country; he loved to do things for others. I have never known a person more ready to extend a helping hand to those in need. He was a truly representative American Christian gentleman who daily practiced the tenets of Christianity, was loyal to his country, and loving to his family.

My heart goes out in sympathy to the members of his family and I join with them in the fond remembrance of his goodness. John Andrews did not lose his life; he gave it and all of it in service to others. Words cannot adequately measure the loss we feel in his passing.

Mr. GOODWIN. Mr. Speaker, in common with his great host of friends, I was shocked and grieved this morning to learn of the passing of John Andrews. Ever since coming to Washington I have often relied on his counsel, advice, and suggestions. I think that if there is one outstanding characteristic which may be mentioned as probably more than any other one thing among his many splendid attributes endearing him to so many, it was his extreme and unfailing friendliness and the fact that he was always so ready to extend a helping hand. I have gone to him perhaps for a suggestion or seeking information and always instantly was made to feel that nothing else in all the world mattered so much at that moment as the question of just what he could do for me. We will never know just how many countless individuals have had their journey down the troubled pathway of life brightened by the sunshine of his smile. He had an abiding faith in the destiny of this Republic and in the part the House of Representatives was destined to play in the life of the America he loved. He was a friendly man, a capable and faithful public servant and a patriotic American.

He will be sorely missed. I extend to his devoted wife and family my sincerest sympathy.

Mr. PHILBIN. Mr. Speaker, I was shocked, unspeakably grieved, and very deeply touched to learn this morning of the untimely and tragic passing of my good friend, John Andrews. I had known him for many years. He was a native and leading citizen of my home State of Massachusetts. He was a devoted and loyal friend, a cheerful and cordial personality, and a faithful and capable public servant.

Few men of my acquaintance have ever been able to measure up to John Andrews in the geniality of his presence, the generosity of his impulse, and the graciousness of his cooperation. He enjoyed the respect, esteem, and regard of every Member of this body as well as the staff of House employees of which he was such an outstanding member.

I have never known a man during my service here who was more popular or better liked in our circle than John Andrews. In fact, his popularity and the esteem in which he was held extended far beyond the confines of this Chamber. He was loved and admired by all who knew him, and his friends were legion throughout the Capital and the Nation. He possessed that superb quality so seldom found in the human kind which made his presence an edifying experience, his friendship a cherished possession.

Conscientious, tireless, and energetic in the performance of his duties, he was ever willing to render friendly and helpful service to Members of the House and to many others who called upon him for advice and assistance. It was this tenacious devotion to duty, this persistency in carrying on his work, despite the repeated warnings of his doctor and his close friends, that directly led to his lamentable demise at an age when he was coming into the maturity of his gifts, powers, and rich experience.

John Andrews will be greatly missed in these halls and in this environment where he served so well and so unselfishly for many years. He will be widely mourned, not only by his devoted family, but by a host of friends in his home city of Salem and throughout the Nation. Men may come and men may go in this great Capitol of ours, but it is certain that there will be none who can fully take the precise place of this wholesome, kindly, generous soul, whom we knew and loved as a true American and dear friend.

We shall ever hold his memory dear and in our hearts we shall ever keep the inspiring recollection of John Andrews—faithful public servant, loyal friend and noble Christian gentleman.

To Mrs. Andrews and his family in this hour of great sorrow, I extend my deepest sympathy and condolence. May they find in the cherished memory of their loved one and the sustaining power of their Christian faith some measure of consolation for their great and irreparable loss.

Mr. REED of New York. Mr. Speaker, it is always a severe shock and a great sorrow when a friend is taken from us. Today we all mourn the passing of John

Andrews, one of God's noblemen, a true patriot, a gentleman, and a Christian. Yes, we mourn the death of those whom we respect and love, but are we not selfish when we do so? If we have faith in God, do we not know that those who are taken from us are in a world of eternal peace and joy?

Life would be unbearable were it not for faith in a world to come where we in time can meet our departed loved ones face to face.

I have found comfort, as loved ones have passed on, in the words of Geoffrey O'Hara, "There Is No Death":

I tell you they have not died,
They live and breathe with you;
They walk now, here at your side,
They tell you things are true:
Why dream of poppled sod,
When you can feel their breath,
When flow'r and soul and God
Know there is no death!

I tell you they have not died,
Their hands clasp yours and mine:
They are now but glorified.
They have become divine,
They live, they know, they see,
They shout with every breath:
All is eternal life!
There is no death!

I extend my heartfelt sympathy to Mrs. Andrews.

Mr. MARTIN of Massachusetts. Mr. Speaker, I offer a resolution (H. Res. 609) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That the House has heard with profound sorrow of the death of Hon. John Andrews, an employee and officer of the House for more than 30 years.

Resolved, That as a mark of respect to his memory the Speaker appoint a committee of 10 Members to attend the funeral services.

Resolved, That the Clerk transmit a copy of these resolutions to the family of the deceased.

The resolution was unanimously agreed to.

The SPEAKER pro tempore. The Chair appoints the following Members as the committee to attend the funeral services: Mr. LANE, Mr. PHILBIN, Mr. KENNEDY, Mr. DONOHUE, Mr. FURCOLO, Mrs. ROGERS of Massachusetts, Mr. WIGLESWORTH, Mr. CANFIELD, Mr. GRAHAM, and Mr. BATES of Massachusetts.

Mr. MARTIN of Massachusetts. Mr. Speaker, John Andrews' body will be at the Lee Funeral Home, Fourth Street and Massachusetts Avenue NE., until Friday morning. Funeral services will be held at St. Peter's Church, Second and C Streets SE., Friday morning at 10 a. m. Burial will be in Arlington Cemetery.

MIDWESTERN MILK FOR EASTERNERS

Mr. MARSHALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. MARSHALL. Mr. Speaker, I wish to call the attention of the Members to an article written by Alfred D. Stedman in the St. Paul Pioneer Press of May 21, 1950, which article I am extending in the

Appendix of the RECORD. What Mr. Stedman says is important to people living in the eastern part of the country as well as to the people of our own section of the country. This article is written by a man who is well informed on midwestern agricultural policies and problems.

The Midwest is having a difficult time in connection with finding markets for its dairy products; it is having this difficult time because of trade restrictions and monopolies which are being built up around the eastern seaboard.

We produce just as wholesome milk in the Midwest; we have just as good health laws, just as stringent as those in the eastern milksheds.

Mr. Stedman's article definitely points out that the youngsters in some of these eastern cities are doing without wholesome milk products because these eastern milk monopolies build up artificial trade walls and barriers to keep the wholesome western milk out. These trade restrictions raise the price of dairy products to consumers to the extent that it deprives our families of a wholesome food product. It handicaps our farmers, labor, and business. It ought to be corrected.

RANKIN ANSWERS PRESIDENT TRUMAN'S CHARGE OF OBSTRUCTIONISTS IN CONGRESS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, we are told that President Truman made a speech a few days ago in which he attacked the obstructionists in Congress.

I wish to call his attention to the fact that he has some obstructionists right under his nose, in the Bureau of the Budget, who seem to be carrying out the dictates of the railroad lobbyists in opposing the development of the missing link in our national defense program, as well as the missing link in our internal-waterway system.

I refer, of course, to that short, undeveloped stretch in our Gulf-to-the-Great Lakes waterway, usually referred to as the Tennessee-Tombigbee—which has already been authorized by Congress and signed by the President.

It will cut the water distance between the Gulf of Mexico and our atomic-bomb plant at Oak Ridge, Tenn., by more than 800 miles, cut the cost of transportation into Oak Ridge from the Gulf by anywhere from 50 to 75 percent, or more, and reduce the time of each trip anywhere from 10 to 15 days.

If we ever have another war it is going to be fought with airplanes and atomic bombs and this project is absolutely necessary for the defense of the Nation. We cannot afford to wait until our sleeping cities are awakened by the terrible music of bursting bombs.

But the railroad lobbyists do not want it. They would abolish the Great Lakes, if they could do it, wipe out transporta-

tion on the Gulf of Mexico, and close the Panama Canal.

The reason they do not want it is that it is the missing link in our internal waterway system, and will provide a slack water route from the Gulf of Mexico to the Great Lakes, to the Ohio River, the upper Mississippi, the Illinois, and the Missouri Rivers, and at the same time save the swift current of the Mississippi for downstream traffic.

None of these waterways has ever put any railroad man out of work, but they have brought about reduced rates, increased the traffic, and caused the railroads to employ more men.

But these railroad lobbyists represent the Wall Street investors, who are now trying to paralyze our internal waterway system, and to drive trucks from the highways and to prohibit the transportation of goods by air.

They know that the construction of this short, missing link in our internal waterway system will cut the cost of transporting a 14,000-ton barge load from the Gulf to the Great Lakes, or to any point on the upper Mississippi, the Illinois, or the Missouri, by more than \$20,000, and cut the cost of transporting it to any point on the Ohio River up to Pittsburgh, Pa., by more than \$22,000, and will cut the cost of transporting it to Oak Ridge on the Tennessee River by more than \$30,000, and at the same time save the swift current of the Mississippi for downstream traffic.

But these Wall Street investors will not agree to that. They are merely looking for increased returns on their investments.

Every well-informed man today knows that our high-grade iron-ore supply in this country is being depleted. In a few years it will be exhausted. The only sources we have from which to replenish that supply are Labrador and Venezuela. These Wall Street obstructionists are bitterly opposed to the development of the St. Lawrence Inland Waterway, and seem to have it blocked indefinitely. They are joined in their opposition by John L. Lewis and the power trusts. The opposition points out, and the friends of the project admit, that this St. Lawrence project would be frozen up something like 5 months of each year, and that the Labrador supply of iron ore is 350 miles north of the St. Lawrence River.

John L. Lewis is opposed to it. He says its use would reduce the demand for coal in that area. The Power Trust is opposed to it, because it would produce around 12,000,000,000 kilowatt-hours of electricity a year, one-half of which would belong to the American side of the river, and would furnish a yardstick by which hundreds of millions of dollars a year would be saved by power consumers of New York, New England, and New Jersey—an area in which the overcharges for electricity amount to around a half billion dollars a year now.

The greatest deposit of high-grade iron ore the world has ever known has been discovered in Venezuela. It could be transported into the area where it is needed by way of this slack water route, along the Tombigbee up to the Tennessee, and then downstream on the Tennessee

215 miles to Paducah on the Ohio River, and then down the Ohio River 47 miles to Cairo. At the same time, as General Robbins pointed out, the swift current of the Mississippi would be saved for downstream traffic—the greatest inland waterway on earth for downstream traffic, and about the worst one for upstream traffic.

But no, this opposition, working through the Bureau of the Budget, would block the construction of this short, missing link in our national defense program and our internal waterway system, and force those great industries that have been built up in the Middle West, in such cities as Pittsburgh, Cleveland, Chicago, Cincinnati, and St. Louis, to tear down their plants and move them to the sea-coast.

I am reliably informed that to move the steel mills out of Pittsburgh, Pa., alone would cost more than a billion dollars.

We were told 2 years ago to wait until there was unemployment in the area where this missing link is to be constructed. That time has now arrived. We have the worst boll weevil condition that section has ever had, and those people need this employment now.

President Truman once told me he was as strong for this Tennessee-Tombigbee inland waterway as I was. If that is true, he should call on the Bureau of the Budget to send up a supplemental estimate of funds to begin this work, and to speed it up with all possible haste.

To let those obstructionists block this project, in order to gratify the cupidity of certain railroad lobbyists or investors, would be the greatest blow that could be given to our national defense program at this time. It would be the greatest injury that could possibly be done to the people in those areas served by our internal waterway system.

It would do the State of Missouri more harm than anything else that has ever occurred.

I am taking this method of appealing to the President of the United States to have his Bureau of the Budget send us up a supplemental estimate of funds to speed up this necessary missing link in our great internal waterway system, as well as this missing link in our national defense program.

We cannot afford to wait.

FOREIGN ECONOMIC ASSISTANCE

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. MILLER of Nebraska. Mr. Speaker, we will soon have before us a conference report on the ECA bill. I have been reading some of the reports and the fine print in the ECA recommendations, with reference to where some of the taxpayers' money goes.

I am amazed to find that some of it goes to build a road project in Tanganyika—British East Africa; also to build irrigation projects in Uganda, Conakry, and Cameroons, all in British East Africa.

I find that \$85,000,000 have been earmarked for starting these projects in far-away places.

This, Mr. Speaker, is just a beginning. Naturally, when we start an irrigation project, it must be finished. The total cost may well be 8 or 10 times the original authorization.

There is also an irrigation project in Jamaica; a food-development project in Mauritius. This is a British coaling station on a small island in the Indian Ocean.

There is money for a coastal road development in Cyprus and northern Rhodesia. There is money for soil conservation and road projects in Belgian Congo and several other projects in far-away places.

Mr. Speaker, the President, in his message to Congress, denied money for new construction in the United States. The above projects are new constructions under the ECA bill. Why should not the same rule apply to the taxpayers' money in these isolated areas as it applies to our good irrigation and flood-control projects in the United States? I would suggest to my colleagues that they read some of the fine print and the recommendations made by Mr. Hoffman, of the ECA.

Mr. WILLIAMS. Mr. Speaker, will the gentleman yield?

Mr. MILLER of Nebraska. I yield to the gentleman from Mississippi.

Mr. WILLIAMS. I may say also that some of this money is being used to build a gambling casino at Le Havre, France.

Mr. MILLER of Nebraska. Mr. Speaker, the gentleman is correct. I understand there is money earmarked, not only for Le Havre, France, but for several other gambling establishments in France. I made a speech about the money to be spent for the gambling casino in Le Havre, France. I understand that the Washington department is frowning on this expense, but other gambling casinos are being considered.

I just cannot vote for this conference report because in my judgment the taxpayers of the United States would hardly approve of some of the ridiculous expenditures being authorized by ECA.

EXTENSION OF REMARKS

Mr. KEOGH asked and was given permission to extend his remarks and include an address delivered by the gentleman from New Jersey [Mr. HART].

Mr. TAURIELLO asked and was given permission to extend his remarks in two instances and include two resolutions.

Mr. MARSHALL asked and was given permission to extend his remarks and include a statement from the St. Paul Pioneer Press.

Mr. PRICE asked and was given permission to extend his remarks in two instances and in each to include a newspaper article.

Mr. LANE asked and was given permission to extend his remarks and include an editorial that appeared in the Christian Science Monitor and also an editorial that appeared in the Lawrence Tribune, of Lawrence, Mass.

Mrs. ST. GEORGE (at the request of Mr. SADLAK) was given permission to extend her remarks and include an article.

Mr. VELDE asked and was given permission to extend his remarks and include an editorial.

Mr. LEFEVRE asked and was given permission to extend his remarks and include an article.

Mr. WERDEL (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks.

Mr. MARTIN of Massachusetts asked and was given permission to extend his remarks and include a letter he sent to Secretary of State Acheson.

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950—CONFERENCE REPORT

Mr. KEE. Mr. Speaker, I call up the conference report on the bill (H. R. 7797), to provide foreign economic assistance, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the statement.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. NO. 2117)

Mr. KEE, from the committee of conference, submitted the following conference report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Foreign Economic Assistance Act of 1950.'"

"TITLE I

"SEC. 101. This title may be cited as the 'Economic Cooperation Act of 1950'.

"FINDINGS AND DECLARATION OF POLICY

"SEC. 102. (a) Section 102 (a) of the Economic Cooperation Act of 1948 is amended by striking out in the fourth sentence thereof 'trade barriers' and inserting in lieu thereof 'barriers to trade or to the free movement of persons'; and by inserting in the fifth sentence thereof the word 'further' before the word 'unification'.

"(b) Section 102 (b) (1) of such Act is amended by inserting a comma and the phrase 'increased productivity, maximum employment, and freedom from restrictive business practices' after the word 'production'.

"GUARANTIES AND LIBERALIZATION OF TRADE BETWEEN EUROPEAN COUNTRIES

"SEC. 103. (a) Section 111 (b) (3) (ii) of such Act is amended to read as follows:

"(ii) the Administrator shall charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty under clause (1) of subparagraph (v), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (2) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and."

"(b) Section 111 (b) (3) (iv) of such Act is amended to read as follows:

"(iv) as used in this paragraph, the term 'investment' includes (A) any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country, (B) the purchase of a share of ownership in any such enterprise, (C) participation in royalties, earnings, or profits of any such enterprise, and (D) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and."

"(c) Section 111 (b) (3) (v) of such Act is amended to read as follows:

"(v) the guaranty to any person shall be limited to assuring one or both of the following: (1) The transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of expropriation or confiscation by action of the government of a participating country. When any payment is made to any person pursuant to a guaranty, as hereinbefore described, the currency, credits, asset, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith."

"(d) Section 111 (b) (3) of such Act is further amended by striking out the words between the second and last provisos therein and inserting in lieu thereof the following: 'It being the intent of the Congress that the guaranty herein authorized should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this Act, the Administrator is authorized to issue guaranties up to a total of \$200,000,000'."

"(e) Section 111 (c) (2) of such Act is amended by striking out '\$150,000,000' and inserting in lieu thereof '\$200,000,000'."

"(f) Section 111 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) The Administrator is authorized to transfer funds directly to any central institution or other organization formed to further the purposes of this Act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the Administrator, in order to facilitate the development of transferability of European currencies, or to promote the liberalization of trade by participating countries with one another and with other countries."

"PROTECTION OF DOMESTIC ECONOMY"

"SEC. 104. (a) Section 112 (a) of such Act is amended by striking out the period at the end thereof and inserting a comma and the following: 'and (3) minimize the burden on the American taxpayer by reducing the amount of dollar purchases by the participating countries to the greatest extent possible, consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery.'"

"(b) Subsections (b) and (c) of section 112 of such Act are hereby repealed."

"(c) Section 112 (1) of such Act is amended to read as follows:

"No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this subsection does not include the purchase of raw cotton in bales."

"(d) Section 112 of such Act is further amended by adding at the end thereof the following new subsections:

"(m) Notwithstanding any other provision of law, the pricing provisions of section 112 (e) of this title and section 4 of the Act of July 16, 1943 (57 Stat. 566) shall not be applicable to domestic wheat and wheat flour procured under this title or any other Act providing for assistance or relief to foreign countries, supplied to countries which are parties to the International Wheat Agreement of 1949 and credited to their guaranteed purchases thereunder."

"(n) It is the sense of Congress that no participating country shall maintain or impose any import, currency, tax, license, quota, or other similar business restrictions which discriminate against citizens of the United States or any corporation, partnership, or other association substantially beneficially owned by citizens of the United States, engaged or desiring to engage, in furtherance of the purposes of this title, in the importation into such country of any commodity, which restrictions are not reasonably required to meet balance of payments conditions, or requirements of national security, or are not authorized under international agreements to which such country and the United States are parties. In any case where the Department of State determines that any such discriminatory restriction is maintained or imposed by a participating country or by any dependent area of such country, the Administrator shall take such remedial action as he determines will effectively promote the purposes of this subsection (n)."

"AUTHORIZATION OF APPROPRIATIONS"

"SEC. 105. (a) Section 114 (c) of such Act is amended by striking out the period at the end of the first sentence and inserting in lieu thereof a colon and the following: 'Provided further, That in addition to the amount heretofore authorized and appropriated, there is hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$2,700,000,000 for the fiscal year ending June 30, 1951: *Provided further*, That \$600,000,000 of the funds appropriated hereunder shall be available during the fiscal year 1951 solely for the purpose of encouraging and facilitating the operation of a program of liberalized trade and payments, for supporting any central institution or other organization described in subsection (d) of section 111, and for furnishing of assistance to those participating countries taking part in such program: *Provided further*, That not more than \$600,000,000 of such funds shall be available during the fiscal year 1951 for transfer of funds pursuant to subsection (d) of section 111: *Provided further*, That, in addition to the foregoing, any balance, unobligated as of June 30, 1950, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1951, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year.'"

"(b) The last sentence of section 114 (c) of such Act is amended to read as follows: 'The authorizations in this title are limited to the period ending June 30, 1951.'"

"(c) Section 114 of such Act is further amended by adding at the end thereof the following new subsections:

"(h) The President is authorized to transfer to any department or agency any portion of the funds allocated for assistance to Germany from appropriations authorized by subsection (c). This portion may be used for expenses, not otherwise provided for, necessary to meet responsibilities of the United States related to the rehabilitation of occupied areas of Germany, including the furnishing of minimum civilian supplies to prevent starvation, disease, and unrest prejudicial to the objectives of the occupation. This portion may be expended under authority of this subsection or any provisions of law, not inconsistent herewith, applicable to such department or agency and without regard to such provisions of this title as the President may specify as inapplicable."

"(i) As agreed upon by the Secretary of State and the Administrator, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany, or any supplementary or succeeding agreement, shall be deposited into the GARIOA (Government and Relief in Occupied Areas) special account under the terms of article V of the said bilateral agreement. In quantities and under conditions determined by the Secretary of State after consultation with the Administrator, the currency so deposited shall be available for meeting the responsibilities of the United States in the occupation of Germany."

"COUNTERPART FUNDS"

"SEC. 106. (a) Section 115 (b) (6) is amended to read as follows:

"(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis: *Provided*, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates: *Provided further*, That such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be used in furtherance of any central institution or other organization formed by two or more participating countries to further the purposes set forth in subsection (d) of section 111 or otherwise shall be held or used for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the declaration of policy contained in section 102 and the purposes of this title, including local currency administrative expenditures of the United States within such country incident to operations under this

title: *Provided further*, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in section 107 (a): *And provided further*, That any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution by the Congress, be agreed to between such country and the Government of the United States;".

"(b) Section 115 (e) of such Act is amended by adding at the end thereof the following new sentence: 'The Administrator shall also encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized.'

"(c) Section 115 of such Act is further amended by adding at the end thereof the following new subsection:

"(j) The Administrator shall utilize such amounts of the local currency allocated pursuant to subsection (h) as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer.'

"FAR EASTERN ECONOMIC ASSISTANCE ACT OF 1950

"SEC. 107. (a) Section 3 (c) of the Far Eastern Economic Assistance Act of 1950 is amended by striking out 'June 30, 1951' and inserting in lieu thereof 'June 30, 1952'.

"(b) Section 3 (d) of such Act is amended by striking out the period at the end and inserting in lieu thereof a comma and the following: 'and \$100,000,000 for the fiscal year ending June 30, 1951.'

"(c) Section 4 of such Act is amended by striking out 'June 30, 1950' and inserting in lieu thereof 'June 30, 1951'.

"TITLE II

"AID TO CHINA

"SEC. 201. This title may be cited as the 'China Area Aid Act of 1950'.

"NATURE OF ASSISTANCE

"SEC. 202. Funds, now unobligated or hereafter released from obligation, appropriated by section 12 of the Act entitled 'An Act to amend the Economic Cooperation Act of 1948,' approved April 19, 1949 (Public Law 47, Eighty-first Congress), are hereby made available for furtherance of the general objectives of the China Aid Act of 1948 through June 30, 1951, and for carrying out the purposes of that Act through economic assistance in any place in China and in the general area of China which the President deems to be not under Communist control, in such manner and on such terms and conditions as the President may determine, and references in the said Act to China shall, insofar as applicable, apply also to any other such place: *Provided*, That, so long as the President deems it practicable, not less than \$40,000,000 of such funds shall be available only for such assistance in areas in China (including Formosa): *Provided further*, That not more than \$8,000,000 of such funds (excluding the \$40,000,000 mentioned in the foregoing proviso) shall be available for relief on humanitarian grounds through the American Red Cross, or other voluntary relief agencies in any place in China suffering from the effects of natural calamity, under such safeguards as the President shall direct to assure nondiscriminatory distribution according to need and appropriate publicity as to source and scope of the assistance being furnished by the United States: *Provided further*, That not more than \$6,000,000 of such funds (excluding the amounts men-

tioned in the foregoing provisos), shall be available for allocation to the Secretary of State, to remain available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China for study or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purposes, or for research and related academic and technical activities in the United States, and the Attorney General is hereby authorized and directed to promulgate regulations providing that such selected citizens of China who have been admitted for the purpose of study in the United States, shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization.

"TITLE III

"AID TO PALESTINE REFUGEES

"SEC. 301. This title may be cited as the 'United Nations Palestine Refugee Aid Act of 1950'.

"SEC. 302. The Secretary of State is hereby authorized to make contributions from time to time before July 1, 1951, to the United Nations for the 'United Nations Relief and Works Agency for Palestine Refugees in the Near East', established under the resolution of the General Assembly of the United Nations of December 8, 1949, in amounts not exceeding in the aggregate \$27,450,000, for the purposes set forth in this title.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 303. (a) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed \$27,450,000 to carry out the purposes of this title.

"(b) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (a) of this section, to make advances to the Secretary of State, not to exceed in the aggregate \$8,000,000, to carry out the provisions of this title. From appropriations authorized under subsection (a) of this section, there shall be repaid to the Reconstruction Finance Corporation, without interest, the advances made by it under authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this section.

"NATURE OF ASSISTANCE

"SEC. 304. (a) The provisions of sections 301, 302, and 303 of the Act of January 27, 1948 (62 Stat. 6), are hereby made applicable with respect to the United Nations Relief and Works Agency for Palestine Refugees in the Near East to the same extent as they apply with respect to the government of another country: *Provided*, That when reimbursement is made by said Agency, such reimbursement shall be credited to the appropriation, fund, or account utilized for paying the compensation, travel expenses, and allowances of any person assigned hereunder.

"(b) Departments and agencies of the United States Government are authorized, with the approval of the Secretary of State, to furnish or procure and furnish supplies, materials, and services to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided*, That said agency shall make payments in advance for all costs incident to the furnishing or procurement of such supplies, materials, or services, which payments may be credited to the current applicable appropriation or fund of the department or agency concerned and shall be available for the purposes for which

such appropriations and funds are authorized to be used.

"TITLE IV

"SEC. 401. This title may be cited as the 'Act for International Development.'

"SEC. 402. The Congress hereby finds as follows:

"(a) The peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples. Such progress can further the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace.

"(b) The efforts of the peoples living in economically underdeveloped areas of the world to realize their full capabilities and to develop the resources of the lands in which they live can be furthered through the cooperative endeavor of all nations to exchange technical knowledge and skills and to encourage the flow of investment capital.

"(c) Technical assistance and capital investment can make maximum contribution to economic development only where there is understanding of the mutual advantages of such assistance and investment and where there is confidence of fair and reasonable treatment and due respect for the legitimate interests of the peoples of the countries to which the assistance is given and in which the investment is made and of the countries from which the assistance and investments are derived. In the case of investment this involves confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will provide adequate wages and working conditions for local labor. It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation; that they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.

"SEC. 403. (a) It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

"(b) It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes, shall take into consideration (1) whether the assistance applied for is an appropriate part of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned; (2) whether any works or facilities which may be projected are actually needed in view of similar facilities existing in the area and are otherwise economically sound; and (3) with respect to projects for which capital is requested, whether private capital

is available either in the country or elsewhere upon reasonable terms and in sufficient amounts to finance such projects.

"Sec. 404. (a) In order to accomplish the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, and their related organizations, and by other international organizations, wherever practicable.

"(b) Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations for technical cooperation programs carried on by it and its related organizations which will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis. The President is further authorized to make contributions for technical cooperation programs carried on by the Organization of American States, its related organizations, and by other international organizations.

"(c) Agencies of the United States Government on request of international organizations are authorized, upon approval by the President, to furnish services and such facilities as may be necessary in connection therewith, on an advance of funds or reimbursement basis, for such organizations in connection with their technical cooperation programs. Amounts received as reimbursements from such organizations shall be credited, at the option of the appropriate agency, either to the appropriation, fund, or account utilized in incurring the obligation, or to an appropriate appropriation, fund, or account currently available for the purposes for which expenditures were made.

"Sec. 405. The President is authorized to plan, undertake, administer, and execute bilateral technical cooperation programs carried on by any United States Government agency and, in so doing—

"(a) To coordinate and direct existing and new technical cooperation programs.

"(b) To assist other interested governments in the formulation of programs for the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas.

"(c) To receive, consider, and review reports of joint commissions set up as provided in section 410 of this title.

"(d) To make, within appropriations made available for the purpose, advances and grants in aid of technical cooperation programs to any person, corporation, or other body of persons, or to any foreign government or foreign government agency.

"(e) To make and perform contracts or agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency: *Provided*, That with respect to contracts or agreements which entail commitments for the expenditure of funds appropriated pursuant to the authority of this title, such contracts or agreements, within the limits of appropriations or contract authorizations hereafter made available may, subject to any further action of the Congress, run for not to exceed three years in any one case.

"(f) To provide for printing and binding outside the continental limits of the United States, without regard to section 11 of the act of March 1, 1919 (44 U. S. C. 111).

"(g) To provide for the publication of information made available by the joint commissions referred to in section 410, and from other sources, regarding resources, opportunities for private investment capital, and the need for technical knowledge and skill in each participating country.

"Sec. 406. Agreements made by the United States under the authority of this title with

other governments and with international organizations shall be registered with the Secretariat of the United Nations in accordance with the provisions of article 102 of the United Nations Charter.

"Sec. 407. In carrying out the programs authorized in section 405 of this title—

"(a) The participation of private agencies and persons shall be sought to the greatest extent practicable.

"(b) Due regard shall be given, in reviewing requests for assistance, to the possibilities of achieving satisfactory results from such assistance as evidenced by the desire of the country requesting it (1) to take steps necessary to make effective use of the assistance made available, including the encouragement of the flow of productive local and foreign investment capital where needed for development; and (2) to endeavor to facilitate the development of the colonies, possessions, dependencies, and non-self-governing territories administered by such requesting country so that such areas may make adequate contribution to the effectiveness of the assistance requested.

"(c) Assistance shall be made available only where the President determines that the country being assisted—

"(1) Pays a fair share of the cost of the program.

"(2) Provides all necessary information concerning such program and gives the program full publicity.

"(3) Seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that country.

"(4) Endeavors to make effective use of the results of the program.

"(5) Cooperates with other countries participating in the program in the mutual exchange of technical knowledge and skills.

"Sec. 408. The President is authorized to prescribe such rules and regulations as may be necessary and proper to carry out the provisions of this title.

"Sec. 409. The President shall create an advisory board, hereinafter referred to as the 'board', which shall advise and consult with the President or such other officer as he may designate to administer the program herein authorized, with respect to general or basic policy matters arising in connection with operation of the program. The board shall consist of not more than thirteen members to be appointed by the President, one of whom, by and with the advice and consent of the Senate shall be appointed by him as chairman. The members of the board shall be broadly representative of voluntary agencies and other groups interested in the program, including business, labor, agriculture, public health, and education. All members of the board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any agency or instrumentality of the United States) who as such regularly receives compensation for current services. Members of the board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purposes of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses. The President may appoint such committees in special fields of activity as he may determine to be necessary or desirable to effectuate the purposes of this title. The members of such committees shall receive the same compensation as that provided for members of the board.

"Sec. 410. (a) At the request of a foreign country, there may be established a joint commission for economic development to be

composed of persons named by the President and persons to be named by the requesting country, and may include representatives of international organizations mutually agreed upon.

"(b) The duties of each such joint commission shall be mutually agreed upon, and may include, among other things, examination of the following:

"(1) The requesting country's requirements with respect to technical assistance.

"(2) The requesting country's resources and potentialities, including mutually advantageous opportunities for utilization of foreign technical knowledge and skills and investment.

"(3) Policies which will remove deterrents to and otherwise encourage the introduction, local development, and application of technical skills and the creation and effective utilization of capital, both domestic and foreign; and the implementation of such policies by appropriate measures on the part of the requesting country and the United States, and of other countries, when appropriate, and after consultation with them.

"(c) Such joint commissions shall prepare studies and reports which they shall transmit to the appropriate authorities of the United States and of the requesting countries. In such reports the joint commissions may include recommendations as to any specific projects which they conclude would contribute to the economic development of the requesting countries.

"(d) The costs of each joint commission shall be borne by the United States and the requesting country in the proportion that may be agreed upon between the President and that country.

"Sec. 411. All or part of United States support for and participation in any technical cooperation program carried on under this title shall be terminated by the President—

"(a) If he determines that such support and participation no longer contribute effectively to the purposes of this title, are contrary to a resolution adopted by the General Assembly of the United Nations that the continuance of such technical cooperation programs is unnecessary or undesirable, or are not consistent with the foreign policy of the United States.

"(b) If a concurrent resolution of both Houses of the Congress finds such termination is desirable.

"Sec. 412. The President may exercise any power or authority conferred on him by this title through the Secretary of State or through any other officer or employee of the United States Government.

"Sec. 413. In order to carry out the purposes of this title—

"(a) The President shall appoint, by and with the advice and consent of the Senate, a person who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum.

"(b) Officers, employees, agents, and attorneys may be employed for duty within the continental limits of the United States in accordance with the provisions of the civil-service laws and the Classification Act of 1949.

"(c) Persons employed for duty outside the continental limits of the United States and officers and employees of the United States Government assigned for such duty, may receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), as amended, may receive allowances and benefits not in excess of those established thereunder, and may be appointed to any class in the Foreign Service

Reserve or Staff in accordance with the provisions of such Act.

"(d) Alien clerks and employees employed for the purpose of performing functions under this title shall be employed in accordance with the provisions of the Foreign Service Act of 1946, as amended.

"(e) Officers and employees of the United States Government may be detailed to offices or positions to which no compensation is attached with any foreign government or foreign government agency or with any international organization: *Provided*, That while so detailed any such person shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits, an officer or employee of the United States Government and of the United States Government agency from which detailed and shall receive therefrom his regular compensation, which shall be reimbursed to such agency from funds available under this title: *Provided further*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

"(f) Experts and consultants or organizations thereof may be employed as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), and individuals so employed may be compensated at a rate not in excess of \$75 per diem.

"(g) Such additional civilian personnel may be employed without regard to subsection (a) of section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as amended, as may be necessary to carry out the policies and purposes of this title.

"Sec. 414. No citizen or resident of the United States, whether or not now in the employ of the Government, may be employed or assigned to duties by the Government under this Act until such individual has been investigated by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State: *Provided, however*, That any present employee of the Government, pending the report as to such employee by the Federal Bureau of Investigation, may be employed or assigned to duties under this Act for the period of three months from the date of its enactment. This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

"Sec. 415. The President shall transmit to the Congress an annual report of operations under this title.

"Sec. 416. (a) In order to carry out the provisions of this title, there shall be made available such funds as are hereafter authorized and appropriated from time to time for the purposes of this title: *Provided, however*, That for the purpose of carrying out the provisions of this title through June 30, 1951, there is hereby authorized to be appropriated a sum not to exceed \$35,000,000, including any sums appropriated to carry on the activities of the Institute of Inter-American Affairs, and technical cooperation programs as defined in section 418 herein under the United States Information and Educational Exchange Act of 1948 (62 Stat. 6). Activities provided for under this title may be prosecuted under such appropriations or under authority granted in appropriation acts to enter into contracts pending enactment of such appropriations. Unobligated balances of such appropriations for any fiscal year may, when so specified in the appropriation act concerned, be carried over to any succeeding fiscal year or years. The President may allocate to any United States Government agency any part of any appropriation available for carrying out the purposes of this title. Such funds shall be available for obligation and expenditure for the purposes of this title in accordance with authority granted hereunder or under authority governing the activities of the Government agencies to which such funds are allocated.

"(b) Nothing in this title is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries, or to any international organization.

"Sec. 417. If any provision of this title or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the title and the applicability of such provision to other circumstances or persons shall not be affected thereby.

"Sec. 418. As used in this title—

"(a) The term 'technical cooperation programs' means programs for the international interchange of technical knowledge and skills designed to contribute to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities may include, but need not be limited to, economic, engineering, medical, educational, agricultural, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources and productive capacities of underdeveloped areas. The term 'technical cooperation programs' does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor pursuant to the Philippine Rehabilitation Act of 1946 (60 Stat. 128), as amended, nor pursuant to the Foreign Assistance Act of 1948 (62 Stat. 137), as amended, nor activities undertaken now or hereafter in the administration of areas occupied by the United States armed forces or in Korea by the Economic Cooperation Administration.

"(b) The term 'United States Government agency' means any department, agency, board, wholly or partly owned corporation or instrumentality, commission, or independent establishment of the United States Government.

"(c) The term 'international organization' means any intergovernmental organization of which the United States is a member.

"TITLE V

"INTERNATIONAL CHILDREN'S WELFARE WORK

"Sec. 501. (a) There is hereby authorized to be appropriated to the President not to exceed \$15,000,000 for the fiscal year ending June 30, 1951, to enable him to make contributions to the United Nations, or any subordinate body thereof, in such manner and on such terms and conditions as he may deem

to be in the interests of the United States, to support permanent arrangements within the United Nations structure for international children's welfare work.

"(b) If at any time during such fiscal year the President deems it to be in the interests of the United States, he is authorized to make contributions, out of any funds appropriated pursuant to the authorization contained in subsection (a), to the International Children's Emergency Fund to carry out the purposes of the International Children's Emergency Fund Assistance Act of 1948 upon such terms and conditions as he may prescribe; but such contributions shall not exceed the limitation provided by section 204 of such Act.

"(c) No additional appropriation shall be made under the authorization contained in such Act of 1948.

"(d) Funds appropriated by the second paragraph of title I of the Foreign Aid Appropriation Act, 1949, shall remain available for the purposes for which appropriated through June 30, 1951."

And the Senate agrees to the same.

That the Senate recede from its amendment to the title of the bill.

JOHN KEE,
JAS. P. RICHARDS,
THOMAS S. GORDON,
JOHN M. VORYS,
FRANCES P. BOLTON,

Managers on the Part of the House.

TOM CONNALLY,
WALTER F. GEORGE,
ELBERT D. THOMAS,
ALEXANDER WILEY,
H. ALEXANDER SMITH,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance submit the following statement in explanation of the effect of the action agreed upon by the committee of conference and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for differences noted below, and except for clarifying, clerical, and necessary conforming changes, the conference substitute is the same as the House bill.

A point of primary interest concerns the amounts of money involved in the authorizations. These are summarized as follows:

Authorizations	House bill	Senate amendment	Conference agreement
New appropriations and extension of authority to use existing appropriations:			
European recovery program.....	\$2,849,100,000	\$2,849,100,000	\$2,849,100,000
Economic assistance to the Republic of Korea.....	\$100,000,000	\$100,000,000	\$100,000,000
Assistance to China and in the general area of China.....	\$94,000,000	\$94,000,000	\$94,000,000
Assistance to Palestine refugees.....	\$27,450,000	\$27,450,000	\$27,450,000
Technical cooperation program (Point IV).....	\$15,000,000	\$35,000,000	\$25,000,000
International welfare work for children.....		\$25,000,000	\$15,000,000
Subtotal.....	3,085,550,000	3,130,550,000	3,110,550,000
Public credit transactions: Additional authorization for investment guaranties in the European recovery program.....	\$150,000,000		\$60,000,000
Total appropriations and public credit transactions.....	3,235,550,000	3,130,550,000	3,160,550,000

¹ Including new authorization of \$2,700,000,000 and authorization to use unexpended funds, estimated at the time of consideration of H. R. 7797 in the House at \$149,100,000, from existing appropriations. The carry-over figure is, of course, subject to revision upward or downward in the course of later experience.

² New authorization.

³ Extension of authorization to use existing appropriations. The figure of \$94,000,000 corresponds to estimates at the time of consideration of H. R. 7797 by the House and is subject to revision upward or downward in the course of later experience.

⁴ Representing the authorization in the bill less amounts already authorized for the Institute of Inter-American Affairs and for technical assistance under Public Law 402, 80th Cong.

⁵ Extension of existing authorization for appropriations. The item also includes an extension of authority to use appropriated funds, but this will involve at most an amount which would not appreciably affect the totals in the table.

⁶ New authorization, including the extension of authority to use appropriated funds referred to in note 5.

⁷ Additional to present authorization of \$150,000,000.

Specific substantial differences between the House bill and the Senate amendment and the resolutions thereof in the conference agreement are set forth in order below.

I. THE EUROPEAN RECOVERY PROGRAM

The versions of the two Houses were in agreement as to appropriations to be authorized for the European recovery program. In relation to finance the principal differences concerned the guaranty provisions. Otherwise the committee of conference was concerned mainly with provisions strengthening the purposes and refining administrative standards for the program.

Free movement of persons within Europe: The House bill (sec. 102 (a) (1) added to the findings and declaration of policy (sec. 102 (a)) of the Economic Cooperation Act of 1948, as amended, language to point out the advantages enjoyed by the United States in the absence of "barriers to the free movement of persons" in implicit contrast to western Europe.

The Senate amendment contained no equivalent language.

The provision is retained in the conference agreement (subsec. 102 (a)).

Progress toward unification: The House bill (sec. 102 (a) (1)) amended the declaration of policy in the act (sec. 102 (a)) to state—" * * * the policy of the people of the United States to encourage the economic unification and federation of Europe * * *."

The Senate bill left the phrase as at present—" * * * the policy of the people of the United States to encourage the unification of Europe * * *."

The conference agreement (sec. 102 (a)) keeps the present language but inserts the word "further" before "unification."

The inclusion of the word "further" indicates the recognition by the Congress that what the participating nations have accomplished so far in the direction of unification is by no means all that must be accomplished if the hopes on which the European recovery program is based are to be fulfilled.

The committee of conference was divided as to the desirability of specifying a political development as an objective of United States encouragement in connection with a program primarily economic in character.

The Senate members maintained that explicit mention of such an objective in the act might actually retard the development of the unity which is sought. The counter-view, put forth by the House members, was that political steps must accompany and in some instances precede the economic steps necessary to a realization of the objectives of the European recovery program, and that the language of the act should reflect this.

No difference was indicated as to the desirability of the ends which the proposed language would make explicit.

The position of the House of Representatives on the matter in question has been consistent from the beginning. Two years ago, in reporting the original legislation for the Economic Cooperation Administration, the Committee on Foreign Affairs observed:

" * * * It is * * * implicit in the program that at its end lies, not only economic cooperation in the form of customs union and the elimination of trade and economic barriers * * * but also closer political and cultural bonds. * * *"

"Divided and engaged in nationalistic rivalries, the participating countries will find it difficult to sustain their free institutions and independence and to increase their standard of living. * * *"

Again, a year ago, the House sought to amend the act so as to express the purpose of the American people "to encourage the unification and federation of Europe." The words "and federation" were deleted in conference.

The renewed attempt to make the political objectives explicit has resulted only in the

introduction of an adjective. What is important, however, is the substance of policy, not the precise content of words.

The necessity of a vastly more energetic and fundamental approach to a solution of the problem of political diversity within western Europe remains part of the irreducible facts. That is even more apparent now than it was 2 years ago when the Committee on Foreign Affairs made its observation about the integral relationship between economics and politics in the future of western Europe.

In its interim report in 1948 the Organization for European Economic Cooperation expressed the idea:

"Plans to increase supplies within Europe itself and to develop the resources of Europe by more capital investment will only be fully effective if the goods produced can move as freely as possible."

To move as freely as possible means to move without impediment. The removal of impediments to trade within Europe means the creation of a unified market. That requires establishment of political unity. That is the fundamental logic of the situation.

The participating countries have made some progress in removing trade barriers, but they have not approached the situation wherein goods "can move as freely as possible."

In order to encourage the participating countries to take the further steps which are so necessary but which they appear so reluctant to take, the legislation now reported for final action by the House authorizes the channeling of funds into specific measures to liberalize trade. To that end, moreover, is included a provision, which originated in the House, earmarking \$600,000,000 for that precise purpose. The provisions concerned are discussed later in this statement.

It is hoped that such concrete measures will hasten further steps to unshackle trade.

Yet the question still rises whether such steps, if confined to the economic sphere, will be enough.

In a large measure the political state is the essential condition of economic life. Americans learned this in the eighteenth century. The existence of the Federal Republic of the United States is a result of the lesson. Quite apart from trade barriers or deliberate public restrictions on movements of capital and labor between separate countries, the mere existence of a political boundary beyond which one is subject to a different law, a different currency, and a different governmental policy makes international business necessarily more risky than business at home. Economic growth, the making of new economic relations, thus tends to be retarded to the extent that it must cross national boundaries. This has become increasingly true as the economic role of the state has expanded and as the economic significance of national boundaries has so greatly increased.

With its potential strength divided into a large number of compartments, western Europe simply has not been able to muster the strength to participate successfully in the competition supplied by advanced producing areas—notably the United States—which are able to draw on greater volumes and diversity of resources.

It may be argued that effective free trade among sovereign states can be established simply by agreements to refrain from interfering with it. Such agreements can accomplish much in helping marginally to reduce trade barriers. Equally certainly they cannot create for the individual international trader or investor such a feeling of security, such an absence of extraordinary risk, as he has in doing business within his own country, and they cannot make adequate adjustments for differences in standard of living. The freedom of trade necessary for a truly unified market can exist only if such agree-

ments are effectively—and that means politically—enforceable.

The premise behind the relevant language in the House bill was that no political form less authoritative than a federation would be adequate to create a single market and a single monetary system and to guarantee the necessary freedom of movement of goods or money and of people throughout western Europe.

The failure to include the words at issue in the objectives of encouragement by the United States declared in the act does not abate the necessity before the participating countries of choosing the right course and of taking adequate steps along that course while there is still time.

During the conference a cabled message, sent in response to an inquiry originating in the committee of conference, was received from the Hon. Dean Acheson, Secretary of State. Its gist was that special statutory encouragement of political federation of Europe was not needed to secure the desired objective. While the conference was still in progress, announcement was made of the proposal put forth by M. Robert Schuman, Foreign Minister of France, for economic unity and eventual political federation of Germany and France and western Europe. The Secretary's message and the announcement of the Schuman proposal influenced the House members of the committee of conference in accepting the more inclusive but less specific words "further unification."

Purposes of the program: The House bill (sec. 102 (a) (2)) added "increased productivity, maximum employment, and freedom from restrictive business practices" to the objectives of the European recovery program stated in the act (sec. 102 (b)).

The Senate amendment contained no equivalent language.

The relevant provision is retained in the conference agreement (sec. 102 (b)).

The sense of the words "maximum employment" in the provision in question was discussed in the committee of conference. It was pointed out that the phrase is included in the declaration of policy of the Employment Act of 1946 (Public Law 304, 79th Cong.). It was pointed out also that "the prevention of unemployment" is stated as an objective in the preamble of the constitution of the International Labor Organization, of which all countries participating in the European recovery program are members, with the sole exception of the Federal Republic of Germany (which is as yet ineligible for membership in international organizations such as the International Labor Organization). Thus the words actually introduce no novelty into the area of economic policy concerned in the European recovery program. The phrase is not an endorsement of any such theory or policy or national economic planning as might be contrary to the objective of unification as expressed in the act.

Fees in connection with investment guaranties: The conference agreement (sec. 103 (a)) modifies the language in the act (sec. 111 (b) (3) (ii)) authorizing a fee not to exceed 1 percent per annum of the amount of a guaranty issued by the Administrator under authority of the act. The charging of a fee is made mandatory. The 1 percent maximum is retained for guaranties of convertibility of earnings on such investments. For coverage of types of risk not heretofore included within the authorization in the act—guaranties against confiscation or expropriation by a participating country—the maximum is set at 4 percent per annum on the amount of the guaranty.

Neither the House bill nor the Senate amendment included the provision discussed above. It was added as an integral part of

the agreement covering the new type of guaranties. (The new type of guaranty is further discussed two topics below under the heading "Scope of guaranties.")

It is not to be understood that either maximum is to be standard for either type of coverage. The language permits the Administrator to vary the charge in accord with the degree of risk assumed and the nature of the investment.

Definition of investments with respect to guaranty provisions: The House bill (sec. 102 (b) (1) (i)) altered the meaning of "investment" as related to the guaranties which the act (in sec. 111 (b) (3) (iv)) authorizes the Administrator to make. It eliminated the words defining "investment" to include "the furnishing of capital goods, items, and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950." It substituted language defining "investment" to mean "contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country and approved by the Administrator as in furtherance of the purposes of this Act, the purchase of a share of ownership in any such enterprise, or participation in royalties, earnings, or profits of any such enterprise."

The Senate version (sec. 103) kept the language of the existing act save for striking out the date "June 30, 1950," and substituting the phrase "after the end of the fiscal year in which the guaranty of such investment is made."

The conference agreement includes the essentials of both versions (sec. 103 (b)).

The language thus picked up from the Senate amendment insures the continuation of the authority granted last year to the Economic Cooperation Administration to make guaranties in connection with long-term contracts for the furnishing of capital-goods items and related services where delivery and payment are not to be completed prior to the end of the fiscal year in which the guaranty is made. The Economic Cooperation Administration anticipates that all such payments falling due before June 30, 1952, will be met from appropriated funds to the extent such funds are determined by the Administrator to be available for the purpose. To the extent such funds are not available, and for payments falling due after June 30, 1952, guaranties invoked would be paid from the public-debt funds provided for the purpose. If payment is made on a claim arising under a guaranty, the local currency involved will become the property of the United States, and will be used or converted in accordance with arrangements to be negotiated with the government of the participating country concerned.

Scope of guaranties: The House bill (sec. 102 (b) (1) (ii)) broadened the scope of guaranties which the act (sec. 111 (b) (3) (v)) authorizes the Administrator to make. To the present guaranty of convertibility of earnings on approved projects, it added in the following words a guaranty covering losses due to circumstances beyond the scope or normal business risk " * * * the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of one or more of the following causes: (a) Seizure, confiscation, or destruction by any government; (b) destruction by revolution or war; (c) any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued. * * *

The Senate amendment did not add to existing authorized coverage.

The conference agreement (sec. 103 (c)) adds to the present authorized coverage the following: " * * * the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of expropriation or confiscation by action of the government of a participating country. * * *

The difference regarding scope of guaranties was argued more exhaustively than any other issue in the conference. The compromise language, noted above, was offered from the Senate side. The provision falls considerably short of what the House has sought for two successive years. It does not embrace the risks of war and political violence which would be included under the House proposal. The language accepted, however, represents broadest extension of the guaranty obtainable within the limits of the will of the committee of conference.

The provision is so written as to provide an option between the type of coverage available under the act at present and the coverage to be made available when this bill becomes law. Either type or both types may be contained in a particular guaranty.

The Administrator's authority is not mandatory in any sense. The new type of coverage is made available and optional. It will embrace acts of confiscation or expropriation by the government of a participating country at any time during the period of the guaranty.

The term "participating country" is understood to be a geographical identification; by that is meant that the country concerned must be one participating in the program during the life of the program. The term thus applies to a successor government or governing authority. Since the period of guaranties will outrun by several years the period of the program, it is necessary to make this distinction. It should be understood also that the expression "participating country" continues to include not only its metropolitan area but also subordinate or colonial areas.

Limit on total amount of guaranties: The House bill (sec. 102 (b) (1) (iii)) raised from \$150,000,000 to \$300,000,000 the total amount of guaranties which the act (sec. 111 (b) (3)) would authorize the Administrator to extend. It added an expression of the intent of the Congress " * * * that the guaranty * * * should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this act * * *"

The Senate amendment contained no equivalent provision.

The conference agreement (sec. 103 (d)) makes the figure \$200,000,000. It retains the expression regarding maximum use of the guaranty.

Public credit transactions: Reflecting the proposals previously noted with respect to raising the ceiling on guaranties, the House bill (sec. 102 (b) (2)) sought to raise by \$150,000,000 the public credit transactions authorized by the act (sec. 111 (c) (2)).

The Senate amendment contained no equivalent provision.

The conference agreement (sec. 103 (e)) limits the increase to \$50,000,000 above the present authorization.

Use of authorized funds to promote liberalization of trade among participants: The House bill (sec. 102 (b) (3)) amended the act (sec. 111) so as to authorize transfer of funds to, or in support of, institutions set up by participating countries to liberalize trading arrangements. Such funds would be used on terms set by the Administrator and designed to promote multilateral European trade.

The Senate amendment (sec. 102) contained a provision similar in general purpose to the above.

The conference agreement (sec. 103 (f)) follows the relevant language of the Senate version.

The principal effect of the agreement in this respect is to eliminate from the text the following part of the House provision:

"The Administrator shall apply the terms set forth in paragraph (1) of subsection (c) of section 111 and paragraph (6) of subsection (b) of section 115 with respect to funds transferred * * * to the extent that such funds are not made repayable to any central institution or other organization described * * * above. With respect to such funds transferred * * * as may be repayable to such institution or organization the Administrator may establish such other terms and conditions as he may find appropriate in the circumstances after consultation with the National Advisory Council on International Monetary and Financial Problems." In the light of assurances from the Economic Cooperation Administration that the above would be complied with fully in the execution of the new authority, the House members of the committee of conference agreed to the striking out of the above language.

Minimizing of requirements: The Senate version (sec. 104 (a)) added to the act (sec. 112) an instruction to the Administrator so to conduct procurement as to " * * * minimize the burden of the European recovery program on the American taxpayer by reducing the amount of dollar purchases by the participating countries to the greatest extent possible, consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery."

The House bill contained no equivalent language.

With minor rhetorical changes, the provision is included in the conference agreement (sec. 104 (a)). It was the understanding in the committee of conference that the language thus included should not be interpreted in such a way as to prejudice such efforts as those now being made by the Government of the United States to obtain, on behalf of petroleum produced by American companies, equitable treatment in foreign markets consistent with the balance-of-payment needs of the participating countries concerned. (This problem is referred to again three topics below, under the heading "discriminatory trade practices.")

Petroleum supplies: The House bill (sec. 102 (c) (1)) deleted from the act (sec. 112 (b)) an instruction to the Administrator to base petroleum procurement and development policies on "the present and anticipated world shortage of petroleum."

The Senate version contained no such repealer.

The conference agreement (sec. 104 (b)) conforms to the House version, as is appropriate in view of the change in circumstances since the original enactment.

Required apportionment of procurement between wheat and wheat flour: The House bill (sec. 102 (c) (1)) repealed a requirement in the act (sec. 112 (c)) that at least 12½ percent of all wheat procured in the United States for the European recovery program and financed by grant must be in the form of flour.

The Senate amendment contained no equivalent repealer.

The conference agreement (sec. 104 (b)) conforms to the House version.

The relevant provision of the act involves the principle of maximum return. That is the principle reflected in the language added by section 104 (a) of the conference agreement, discussed two topics above under the heading "Minimizing of requirements." In view of the addition of the new instruction

to the Administrator to minimize the impact on the American taxpayer, the retention of the flour requirement would be anomalous.

The requirement in question has also affected adversely the interests of the American wheat producer. The European countries have their own milling facilities. They prefer to mill their own flour because it is less expensive that way, because they usually mill more of the husk than American millers do, and because they get the byproducts that way. Accordingly, they tend to prefer to use free dollars for wheat and get it from competing sources. The American wheat producer thus incurs a disadvantage in the European market.

Discriminatory trade practices: The Senate bill (sec. 104 (b)) added to the act (sec. 112) an expression of the sense of the Congress that no participating country should " * * * maintain or impose any import, currency, tax, license, quota, or other similar business restrictions which discriminate against citizens of the United States or any corporation, partnership, or other association substantially beneficially owned by citizens of the United States, engaged or desiring to engage, in furtherance of the purposes of this title, in the importation into such country of any commodity, which restrictions are not reasonably required to meet balance of payments conditions, or requirements of national security, or are not authorized under international agreements to which such country and the United States are parties."

The House bill contained no equivalent language.

The relevant provision is included in the conference agreement (sec. 104 (e)). To it has been added, at the instance of the House managers, an instruction to the Administrator to take appropriate action within his powers in any case of such discrimination as found by the Department of State.

The language concerned was originated with the intention of strengthening the position of the United States Government to obtain, on behalf of petroleum produced by American companies, equitable treatment in foreign markets consistent with balance-of-payments needs of the participating countries concerned.

As was brought out in the committee of conference, the language may also serve in relation to such situations as that alleged by certain American complainants in French Morocco. Without prejudging the merits of any such complaint, the language is intended to emphasize the desirability of proper defense of the rights of United States nationals wherever actual violations are demonstrated. It does not disturb the primary responsibility of the Department of State as the principal agent for the defense of American rights in such instances. The matter of the Morocco complaints and of the action of the committee of conference in relation thereto is discussed again at a later point in this report.

Wheat and wheat-flour prices: The House bill (sec. 102 (c) (4)) amended the act (sec. 112) to apply the price provisions of the International Wheat Agreement of 1949 to wheat and wheat flour procured from program funds for transfer to countries party to the agreement and credited to their guaranteed purchases thereunder.

The Senate version contained no equivalent language.

The substance of the House provision is retained in the conference agreement (sec. 104 (d)). The text has been modified to conform to that used in the International Wheat Agreement Act of 1949 (Public Law 421, 81st Cong.), and to make the price policy concerned applicable to wheat and wheat-flour procurement for all foreign assistance and foreign relief programs. This price policy applies to purchases from private sources as well as from public sources.

Procurement of baled cotton: The Senate version (sec. 104 (c)) sought to add to that

part of the act (sec. 112 (1)) dealing with purchases of agricultural surpluses a statement that "A bulk purchase * * * does not include the purchase of commodities customarily sold in containers or packaged form."

The House bill contained no such provision.

The relevant language of the Senate version is included in the conference agreement (sec. 104 (c)) modified to confine its application, however, to the procurement of raw cotton in bales. The provision is not intended to warrant any relaxation of the policy of the Economic Cooperation Administration to insure that program funds are prudently expended to procure commodities at prices not higher than United States market prices.

In the review of the procurement policies of the Economic Cooperation Administration in the committee of conference, it was pointed out that under the first regulation of the Administration, issued May 15, 1948, suppliers were required to certify that the contract price "does not exceed the established or market price, whichever is lower, for the commodities current at the time the contract became binding."

In the first appropriation bill providing European recovery program funds the House sought to ban the purchase of commodities for the program at prices higher than those prevailing in the United States. The language was stricken by the Senate because it was considered unworkable. However, the Senate Committee on Appropriations expressed its sympathy with the intent of the provision, and included in its report (S. Rept. 1626, 80th Cong.) a statement that "no funds made available under this act should be used to purchase commodities, except under limited special circumstances, at more than the current market price in the United States at the time of the purchase, making adjustments for differences in the cost of transportation to destination, quality, and terms of payment. Some deviations from this general price policy will normally occur in the ordinary course of business. However, the Administrator is expected to limit strictly material deviations from this general price policy."

In conference at that time the substance of the House provision was restored as section 202 of the Foreign Aid Appropriation Act, 1949 (Public Law 793, 80th Cong.). This provision was added to the Economic Cooperation Act of 1943 as section 112 (e) by Public Law 47, Eighty-first Congress.

The committee of conference was advised of, and approved, the Administrator's position that he should follow the policy of insuring so far as practicable that procurement financed by Economic Cooperation Administration funds is made at prices not in excess of the current United States market price, with the qualifications concerning cost of transportation to destination, quality, and terms of payment.

Limitations with respect to use of funds: The House bill (sec. 102 (d) (1) (1)) set aside for purposes related to the liberalization of trade, including transfer to institutions set up by participating countries to liberalize trading arrangements, \$600,000,000 of the authorized appropriations for the fiscal year 1951.

The Senate amendment (sec. 102) set a \$600,000,000 limit on the money authorized to be transferred to such institutions.

The conference agreement (sec. 105 (a)) includes the essentials of both of the above as provisos to the authorization for appropriations in the act (sec. 114 (c)).

Use of counterpart funds: The House bill (sec. 102 (e) (1)) amended the act (sec. 115 (b) (6)) with regard to permissible uses of local currency funds which a participating country is required by its bilateral agreement to deposit in amounts equivalent to assist-

ance received in the form of grants. The effect of the change would be (a) to permit the use thereof in furtherance of any central institution or other device formed by two or more participating countries for purposes of liberalizing trade and (b) to remove with respect to such use the restriction that such funds be used within the country concerned.

The Senate version (sec. 106) sought similar ends by adding to the act (sec. 115) an expression of " * * * the sense of the Congress that as much as possible of the local currency deposited * * * after June 30, 1950, shall be held or used within such country for such * * * purposes set out * * * (facilitating the development of transferability of European currencies or promoting the liberalization of trade * * *) or otherwise consistent with the declaration of policy * * * of this act, as may be agreed to by such country, by the Administrator, and, if the Administrator so designates, by any central institution or organization formed to further the purposes of this act by two or more participating countries."

The conference agreement (sec. 106 (a)) is generally in keeping with the House version. The language is modified so as to remove almost entirely the existing restriction confining the use of such funds to the area of the depositing country. Under the language they may be used beyond the confines of such country not only in furtherance of trade-liberalizing devices (as in the House version) but also for any purpose of the act. The restriction is maintained only in relation to the portion reserved for the United States for local currency expenses.

The relaxation of the restriction is consistent with, and conducive to, the wider use of counterpart funds in developing in the participating countries a pattern of freer trade with one another and with other countries. In the view of the committee of conference this step is in the spirit of the Senate expression in the Senate version that "as much as possible" of the counterpart funds should be used to promote the liberalization of trade.

Treaty compliance: The Senate version (sec. 106) sought to add to the act (sec. 115) a provision forbidding the expenditure of counterpart funds by any country having a dependent area which fails to comply with treaty obligations to the United States. The Senate version (sec. 107) also sought to add a provision to the act stating—"The terms of any treaty to which the United States and any participating country are parties shall remain in full force and effect until superseded by a new treaty ratified by the Senate unless, prior thereto, it expires by its own terms."

The House version contained no such provisions.

The conference agreement omits them.

The relevant provision of the Senate version was designed to deal with a situation in Morocco, where a number of Americans have complained of alleged discriminatory acts of local officials against United States nationals engaged in business. This topic was discussed briefly above in connection with the language pertaining to discriminatory trade practices. As noted, the language of the Senate version, strengthened at the instance of the House members of the committee of conference, has been included in the conference agreement.

The committee of conference took note of a reassuring letter of May 5, 1950, from Administrator Hoffman to the Honorable TOM CONNALLY, chairman of the Committee on Foreign Relations of the Senate, which letter is quoted. (The "amendment" referred to in the letter is the above-discussed amendment in the form prior to the addition of strengthening language in the committee of conference):

"An amendment has been proposed to * * * which would prohibit release of counterpart funds to any country so long as there exists a violation of a treaty between the United States and a dependent area of that country.

"This amendment is aimed at alleged discriminations against American businessmen in Morocco. A similar amendment was carefully considered by the Foreign Relations Committee, which decided that it was not necessary in view of arrangements made with the French Government to deal with this situation by the Department of State, the Department of Commerce, and ECA. These arrangements have been operative since December 31, 1949. They provide a consultative machinery in which American consular representatives can take part in the consideration of actions of the local French authorities in Morocco with respect to the granting of import and exchange licenses in circumstances where discrimination against American traders in the area is claimed to exist. If such local consultation does not satisfactorily take care of any particular complaint, the matter can be raised on a diplomatic level with the French Foreign Office and this has, in fact, been done when it appeared necessary. ECA is of the opinion that these arrangements should be adequate to protect American citizens against improper discriminations, and that a mandatory requirement to immobilize the entire counterpart account (which is used for large and important projects connected with the recovery of the entire French union) is a wholly excessive sanction.

"Furthermore, the * * * amendment * * * gives the Administrator an explicit basis in granting dollar assistance or in acting on proposals to release counterpart, for taking action to see that discriminatory business restrictions against United States citizens are terminated. Under this provision, I would consider myself bound to take suitable action in accordance with the intent of this provision in cases where it is established to the satisfaction of the responsible United States Government authorities that such discriminations are not corrected. Hence the * * * amendment gives assurance that discriminations against American businessmen can be dealt with promptly and effectively."

The committee of conference took note also of a memorandum of May 9, 1950, from the Department of State reviewing the problem in detail and stating the same conclusions as the above-cited letter.

In view of the above communications the committee of conference concluded that no provision additional to that added to the act in relation to discriminatory trade practices would be necessary.

Emigration: The House bill (sec. 102 (e) (2)) added to the Administrator's duties under the act (sec. 115 (e)) the duty to—

"* * * encourage emigration from participating countries having surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized."

The Senate version contained no equivalent language.

The conference agreement (sec. 106 (b)) includes the House provision.

II. ASSISTANCE IN THE FAR EAST

The differences between the two versions concerning assistance in the Far East related to (a) the purposes for which residual China aid funds might be spent and to the standards controlling such expenditures, (b) a restriction on assistance to the Republic of Korea, and (c) the restatement of a United States policy in relation to the Far East.

Identification of funds: The House bill (sec. 103) identified the funds by reference to Public Law 793, Eightieth Congress. It referred to sums "unobligated as of June 30, 1950, or released from obligation thereafter."

The Senate amendment (sec. 302) referred to the funds as those appropriated by section 12 of Public Law 47, Eighty-first Congress, and as "now unobligated or hereafter released from obligation."

The conference agreement (sec. 202) follows the Senate version. Thus the funds will be immediately available, and it will not be necessary to wait for the close of the current fiscal year before beginning the new activities authorized.

Aid to Chinese scholars: The House bill (sec. 103 (b)) sought to authorize the expenditure of \$6,000,000 of the residual China aid funds for assistance to selected Chinese citizens for study, teaching, research, and other academic pursuits in the United States. It proposed also to relax bans on employment for such selected Chinese citizens.

The Senate bill contained no equivalent provision.

The conference agreement (sec. 202) retains the language of the House version, modified so as to permit the expenditure of funds for all necessary transportation and emergency medical expenses for the selected Chinese citizens concerned.

It is necessary to add some clarification as to the types of individuals eligible for such assistance.

In reporting the bill (H. R. 7797) to provide foreign economic assistance the Committee on Foreign Affairs included in its initial discussion of title I of the bill (see pp. 44-45 of pt. 2, H. Rept. 1802, 81st Cong.) a memorandum from the Department of State indicating five types of assistance to Chinese scholars contemplated under a projected program involving a sum of \$8,610,000. The fifth on the list was as follows:

"(e) Scholarships for Chinese in free Chinese territory, to be selected on a competitive basis."

In a superseding report the committee omitted the Department of State memorandum, except for certain excerpts, and referred to only four types of contemplated assistance. (See p. 47 of pt. 5, H. Rept. 1802, 81st Cong.) The type noted above was omitted in the above-quoted excerpt. The view of the Committee on Foreign Affairs was that the assistance be channeled to individuals already out of China and that no effort to recruit recipients of the proffered aid should be made. This was reflected also in the decision to restrict the assistance to \$6,000,000 rather than approving the larger sum suggested by the Department of State.

In the committee of conference, however, it was brought out that in some cases it might be advantageous to the United States and to the individuals to make assistance available to persons now within non-Communist areas of China. There was no disposition to interdict assistance in such cases. On the other hand, there was no disposition favoring a large and energetic attempt to recruit recipients of such assistance from Chinese territories. In other words, assistance in category (e) noted above should be administered with great moderation. Such assistance should not be carried on in such manner and at such scale as to prejudice the interests of individuals concerned in the other four categories.

Assistance to China and in the general area of China: The House bill (sec. 103 (a)) reserved \$40,000,000 of the residual China aid funds for assistance to areas of China found by the President not to be under Communist control. The bill (sec. 103 (c)) sought to make the balance of such funds available for assistance in the general area of China. In each case such assistance would be conformable with applicable provisions of the Economic Cooperation Act of 1948, as amended.

The Senate version (sec. 302) made the reserved figure for economic aid to China \$50,000,000. It also made the balance available for economic assistance in the general

area of China. It made such assistance in either case subject to the purposes of the China Aid Act of 1948 and to "such terms and conditions as the President may determine." The restriction "not under Communist control" was applied in both instances. The Senate version specifically mentioned Formosa and Hainan as eligible places. It further provided that 10 percent of the funds concerned should be available for humanitarian relief "through the American Red Cross or other volunteer relief agencies" in event of natural calamity in any part of China. This was made subject to safeguards which the President might find necessary to prevent discrimination in distribution and to safeguards relevant to publicity about the source and scope of the assistance.

The conference agreement (sec. 202) retains the House figure of \$40,000,000 for assistance to China (the specific reference of the Senate version to Hainan is omitted). The conference agreement reserves a specific sum, \$8,000,000, for disaster relief in China. The specifications and qualifications of the Senate version are retained. The latitude of executive discretion as to type and terms of assistance in China and in the general area of China will be equivalent to that now obtaining with respect to assistance in China under section 12 of Public Law 47, Eighty-first Congress. The additional qualification reserving funds for use in China "so long as the President deems it practicable" was accepted upon informal assurances of the intention of the Secretary of State that the funds should be reserved for such purpose so long as there is practical access to any portion of China, such as Formosa, remaining free of Communist control.

The phrase "general area of China" is to be interpreted along the lines of the explanation made of the phrase in the conference report in connection with the Mutual Defense Assistance Act of 1949 (see p. 15, H. Rept. No. 1346, 81st Cong.).

One additional point should be made clear. The House bill referred to assistance to be carried on along the lines of the Economic Cooperation Act of 1948, as amended. This was to be applicable both to assistance in China and in the general area of China. It was intended thus that the programs should be carried on by the Economic Cooperation Administration and that they be planned and administered on a broad scale so as to obtain maximum results in recovery, rather than being carried along on a piecemeal, project-by-project basis. In yielding on this language and agreeing to the Senate version in this respect, the House members of the committee of conference took into account that the Senate language reflects the same intent. It refers to the China Aid Act of 1948 and to section 12 of Public Law 47, Eighty-first Congress. These references were taken as sufficient assurance that the programs will be carried on along the lines intended in the House bill.

Aid to Korea: The Senate version (sec. 202) would have repealed by omission section 3 (b) of the Far Eastern Economic Assistance Act of 1950:

"Notwithstanding the provisions of any other law, the Administrator shall immediately terminate aid under this Act in the event of the formation in the Republic of Korea of a coalition government which includes one or more members of the Communist Party or of the party now in control of the government of northern Korea."

The House bill left the provision intact.

The conference agreement (sec. 107) is in keeping with the House version.

Joint organization in the Far East: The House bill (sec. 104 (d)) added to the Far Eastern Economic Assistance Act of 1950 an expression—"* * * favoring the creation by the free countries and the free people

of the Far East of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence."

The Senate version contained no equivalent language.

The conference agreement omits this. The House members of the committee of conference agreed to the omission since identical language is contained in the Mutual Defense Assistance Act of 1949.

III. ASSISTANCE TO PALESTINE REFUGEES

The versions of the respective Houses in relation to assistance to Palestine refugees were alike in substance. Only two minor differences required attention.

Authorization of contributions: The House bill (sec. 202) authorized the Secretary of State to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

The Senate amendment (sec. 402) authorized the President to make such contributions.

The conference agreement (sec. 302) follows the House version.

Authorization of advances: The House bill (sec. 203 (b)) provided for advances by the Reconstruction Finance Corporation to the Secretary of State.

The Senate amendment (sec. 403 (b)) provided for such advances to the President.

The conference agreement (sec. 303 (b)) follows the House version.

IV. THE TECHNICAL COOPERATION PROGRAM

Differences between the two versions relating to the technical cooperation program (point 4) were more numerous than with respect to any other aspect.

The differences arose principally from the course of development of the legislation in the respective Houses.

In the House the legislation in the form originally proposed by the President was introduced July 12, 1949, as H. R. 5615. On August 16, 1949, the Honorable CHRISTIAN A. HERTER introduced H. R. 6026, a bill bearing on the same general objectives. This latter bill, however, supported by various business groups, was designed to emphasize the creation of a favorable climate for foreign investment as a necessary condition for realizing the objectives which the technical cooperation program was to promote. The Committee on Foreign Affairs held extensive hearings on the two bills in the closing weeks of the first session. Between the sessions discussions were held among supporters of the respective bills in the House, business leaders, and members of the Department of State. The purpose was to reconcile the differences between the two bills. Agreement resulted, and identical bills, H. R. 6834 and 6835, were introduced by the Honorable JOHN KEE, chairman of the Committee on Foreign Affairs, and Mr. HERTER on January 18, 1950. It should be emphasized that these bills did not contain any provisions for guaranties of investments. After additional hearings and consideration in executive session, the Committee on Foreign Affairs developed a modified text, subsequently introduced as H. R. 7346. This became title III of H. R. 7797, and as such was further amended during consideration by the House.

The Senate, however, acted on the basis of the original proposal from the Executive.

The elements developed in the House version during the course of a long legislative history were the principal points of difference. In the main these pertained to statements of principles linking technical cooperation and the problem of creating a proper climate for investment, standards for bilateral programs and programs carried on through international organizations, refine-

ments of administration, and the amount of the authorization.

To labor the details of the resolution of the differences would require too much space. The matter can be summed up by saying that the conference agreement follows the substance of the House version save for the exceptions which, along with matters requiring further clarification of legislative intent, are noted below.

Labor standards in relation to investment: The House bill (sec. 302 (c)) in discussing the climate of investment, referred to the requirement of " * * * confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will negotiate adequate wages and working conditions for local labor. * * * "

The Senate amendment contained no similar provision.

The conference agreement (sec. 402 (c)) substitutes the word "provide" for the word "negotiate" in the above language. This change is without prejudice to the principle of collective bargaining. It was made with a view to the point that in some instances the obstacle to collective bargaining in an underdeveloped area may be due to circumstances inherent in the local situation rather than to an attitude of the investor.

International action regulating labor standards: The House bill (sec. 302 (d)) set forth that international agreements on labor standards would serve to bring about "greater production and higher standards of living in the economically underdeveloped areas and international trade between these areas and the economically advanced areas of the world * * * ." Such agreements would be " * * * negotiated through the United Nations and its specialized agencies or otherwise * * * ." They would embrace " * * * fair labor standards of wages and working conditions, including the encouragement of collective bargaining between management and labor."

The Senate amendment contained no such provision.

The provision is omitted in the conference agreement. The omission is without prejudice to the stated objective of the language. It was the view of the committee of conference, however, that the contemplated international agreements involved a question of public policy which was not sufficiently explored in the development of the Point IV legislation and that the essential relevance of the provision to the Point IV program was not adequately demonstrated.

Review of projects: The House bill (sec. 303 (b)) required the application of various criteria in the review of requests by other governments for technical assistance, including the criterion of the relation of the project to "balanced and integrated development of the country or area concerned."

The conference agreement (sec. 403 (b)) retains this language.

The words "balanced and integrated" require some explanation. Their meaning becomes clear only when considered in relation to the question whether the intention is to seek balance and integration within the particular underdeveloped area concerned or balance and integration within the pattern of world trade. In the first sense the phrase might be liable to interpretation in support of programs of national self-sufficiency. That is not the sense intended. The latter sense is the one intended. The phrase is not to be taken as a warrant for subverting the Point IV program to promote national self-sufficiency as an objective in the economic development of underdeveloped areas. The phrase, moreover, is to be interpreted as warranting the rejection of projects which do not meet actual economic needs and which are not in step with a concerted program of economic development.

Termination of programs: The House bill (sec. 311 (b)) instructed the President to terminate a technical assistance program upon being directed to do so by a concurrent resolution of Congress.

The conference agreement (sec. 411 (b)) retains the provision, with a modification to make clear that a concurrent resolution in such case should contain a finding rather than a directive.

Institute of International Technical Cooperation: The House bill (sec. 312) authorized the President to create an Institute of International Technical Cooperation.

This is omitted in the conference agreement. The omission indicates the intention that the organization to be established for administering the Point IV program shall be within the limits of existing Federal agencies.

Compensation for program chief: The House bill (sec. 313 (a)) set the compensation for the head of the Point IV undertaking at \$16,000 a year.

The Senate version (sec. 507 (a)) made it \$15,000 a year.

The conference agreement (sec. 413 (a)) is consistent with the Senate version.

Compensation of persons employed for duty abroad: The House bill (sec. 313 (c)) made Foreign Service compensation rates mandatory for all persons employed under the program for duty outside the United States.

The Senate version (sec. 507 (c)) provided an option.

The conference agreement (sec. 413 (c)) follows the Senate version. The flexibility provided will make it possible in some instances to save money in the administration of the program, according to information furnished in the conference. The provision also protects the rights of persons briefly detailed from other Government positions to duties abroad in connection with the Point IV program and to persons detailed from other Government jobs with fixed special statutory status in regard to pay and retirement (for example, Public Health officers and Engineer Corps and Medical Corps officers).

Investigation of employees: In providing for investigation of employees by the Federal Bureau of Investigation, the House bill (sec. 314) left a 6-month leeway for those already in Federal service.

The Senate bill (sec. 511) omitted such a provision for leeway.

The conference agreement (sec. 414) permits a 3-month leeway.

Size of authorization: The House bill (sec. 316 (a)) authorized \$25,000,000 for the first year (including \$10,000,000 already authorized for agencies carrying on technical assistance programs).

The Senate amendment (sec. 508) set the figure at \$45,000,000 (also exclusive of the noted existing authorizations).

The conference agreement (sec. 416 (a)) sets the figure at \$35,000,000 (also exclusive of the noted existing authorizations).

V. INTERNATIONAL WELFARE ACTIVITIES FOR CHILDREN

The Senate version (sec. 601) extended 1 year, to June 30, 1951, the present authorization of appropriations for the United Nations International Children's Emergency Fund. The Senate version (sec. 602) made residual funds from existing appropriations available for another year to June 30, 1951.

The House bill contained no such provision.

The position of the House Members of the committee of conference was based on the terms of Public Law 170, Eighty-first Congress, enacted July 14, 1949, to extend the authorization for contributions to International Children's Emergency Fund 1 year to June 30, 1950. That legislation carried a proviso, which was written into the measure during consideration in the House and which

stated: " * * * in authorizing such continued extension of United States participation in the International Children's Emergency Fund, it is the expressed intention of the Congress that such participation by the United States shall cease on June 30, 1950."

The House members voiced criticism of the expansion of the Children's Emergency Fund into nonemergency activities beyond the scope for which it was established. They were critical of efforts to convert the fund from a temporary agency into a permanent fixture. Most of all, they were critical of the disregard by members of the agency of the expressed will of the Congress in regard to United States withdrawal. It was brought out also that as long as the present arrangement was continued, with its high ratio of contribution on the part of the United States, other governments would be reluctant to enter into active negotiations for a better coordinated arrangement.

The arguments from the Senate side emphasized the importance of the work done in the field of welfare for children on an international scale. The Senate members were apprehensive of the possible effect on world opinion if the United States were to withdraw while the fund was still a going concern. In this view, they minimized the import of the mandate of the Congress.

Discussion established a common ground. On the House side there was no disposition to cease or impair United States support in the field of international child-welfare work. The point of the House position was only that such work must be established on a more soundly coordinated basis. The Senators were not disposed to defend the self-perpetuating tendencies of the Fund. They were anxious principally to avoid any possibility of a hiatus in United States support of international child-welfare work.

The essential points of the compromise worked out on this common ground were as follows:

First, as to the sum involved. The figure in the new authorization is \$15,000,000. This is \$10,000,000 less than the sum involved in the extended authorization in the Senate version. In the absence of definite data as to actual needs, the committee of conference accepted this figure uncritically. The reduction to actual needs, if a reduction is necessary, can be accomplished in a subsequent appropriation. It should be taken into account that as of June 30, 1950, the International Children's Emergency Fund may be expected to have an unobligated balance equivalent to approximately \$24,000,000.

Second, as to the degree of executive discretion provided in relation to amounts to be contributed. The President is authorized by the new language to make contributions—not directed to make them, as in the existing International Children's Emergency Fund Assistance Act of 1948. He will be expected to use his authority prudently with a view to actual needs and to the desirability of the earliest practicable transfer of the international children's welfare programs concerned from the present temporary agency to a permanent arrangement within the United Nations framework. The President, moreover, is released from the formula of the existing act for balancing United States contributions against contributions by other governments in the ratio of 72 to 28. This ratio, which has become fixed in practice although not specifically required by law, was established in an earlier phase of more pressing need. It should be modified in the direction of equalization of burden. The new language contains discretion sufficient to this end.

Third, as to the recipient of the contributions. The existing act authorizes contributions solely to the International Children's Emergency Fund. This was established, as its name implies, as a temporary agency to fill

a need in the postwar situation on a stopgap basis until the abatement of the emergency and until the tasks could be taken over by permanent agencies in the United Nations framework. The organization has broadened its activities in fields not intended at the time of its origin. Its very existence, moreover, has tended to prevent the establishment of programs operated by permanent international agencies in the fields in which the Children's Emergency Fund was established only as a stopgap. The new language will afford the executive sufficient leeway to enable this Government to precipitate the necessary and desirable transfer of international child welfare activities and get away from the "emergency" basis without at the same time running the risk that resources to deal with actual needs may lapse. With this wider discretion, the executive should be able to exercise influence toward the orderly liquidation of the International Children's Emergency Fund at an early time and at the same time avoid prejudice to the interests of needy children. It should be emphasized that the authorization in this bill is not, and is not to be construed as, a pledge of contributions to any existing or contemplated international organization. Under the new language, the President would be expected to withhold contributions from the existing agency unless there is a showing of need; in the meantime this Government should press for the establishment of the operations concerned on a more fully coordinated basis within the permanent framework of the United Nations. Such a development is desirable as it will reduce the present unnecessary duplication of organization and effort in international activities related to health and nutrition.

JOHN KEE,
JAS. P. RICHARDS,
THOMAS S. GORDON,
JOHN M. VORYS,
FRANCES P. BOLTON,

Managers on the Part of the House.

Mr. KEE. Mr. Speaker, I yield myself 13 minutes.

Mr. KEE. Mr. Speaker, before us today for consideration is the conference report on H. R. 7797.

The bill may well be termed an omnibus bill, as it provides authorizations for appropriations for practically all programs of foreign aid throughout the world.

The authorizations as agreed to by your conferees are as follows:

New appropriations and extension of authority to use existing appropriations:	
European recovery program-----	\$2,849,100,000
Economic assistance to the Republic of Korea-----	100,000,000
Assistance to China and in the general area of China-----	94,000,000
Assistance to Palestine refugees-----	27,450,000
Technical cooperation program (point 4)---	25,000,000
International welfare work for children----	15,000,000
Subtotal-----	3,110,550,000
Public credit transactions:	
Additional authorization for investment guaranties in the European recovery program-----	50,000,000
Total appropriations and public transactions-----	3,160,550,000

It will be noted that five current programs of foreign aid are provided for in the measure, and the initiation of one new program is authorized. The new program is, of course, the so-called President's point 4 program for providing technical assistance and other aids of advancement to backward and underdeveloped countries of the world.

Your conferees are pleased to report complete agreement with the conferees of the Senate upon each and every provision of the measure.

We have brought to this House today a bill which in every substantial respect is the same bill the House approved a few days ago.

According to my quite unofficial count, there were 78 points of difference between the House and the Senate versions of the bill. We resolved every difference, and as one of the House conferees, I am deeply grateful to the conferees from the other body for their fine courtesy in yielding to us on most of the disputed points. Some of the matters in dispute were insignificant, many were of minor importance, a few more were extremely important.

The major differences were argued in an atmosphere of sincere contention tempered by mutual amity and respect.

The conference committee met through five working days. Nine sessions were held.

The result of all this effort is a fair balance of the views of the respective Houses. It is a better bill than the version passed by either House. It is more representative of the will of the Congress as a whole.

On money matters the divergences were slight. The two Houses were already in agreement on the amounts of European aid, Korean aid, assistance in China, and the general area of China, and assistance to Palestine refugees.

The two versions differed with respect to the allocation of the residual China-aid funds among various objectives in the Far East. They differed also with respect to the size of the authorization for the technical cooperation program—that is, point 4. They differed finally as to the extension of a \$25,000,000 authorization for the International Children's Emergency Fund.

The allocation of residual China-aid funds in the conference agreement is a fair composite of the two bills. The amount reserved for non-Communist China—\$40,000,000—is the same as in the House bill—as against \$50,000,000 in the Senate bill. An authorization in the Senate bill for disaster relief in China is retained at a slightly reduced figure of \$8,000,000—as against approximately \$9,400,000 in the Senate bill. A House provision for \$6,000,000 for assistance to selected Chinese nationals for academic pursuits in the United States is retained.

The reserved funds for assistance in the general area of China thus become approximately \$40,000,000—approximately as they were in the Senate version and slightly less than in the House bill. The Senate provisions regarding qualifications and standards for assist-

ance to China and in the general area of China are retained.

As to point 4 program money, the bill splits the difference between the Senate figure of \$45,000,000 and the House figure of \$25,000,000. It provides \$35,000,000, including \$10,000,000 in authorizations already in effect for the Institute of Inter-American Affairs and for technical assistance under the United States Information and Educational Exchange Act.

As to the International Children's Emergency Fund—an item included in the Senate but not in the House version—the conference bill trims the figure from the \$25,000,000 authorized in the Senate bill to \$15,000,000. It grants the President discretion as to what international agency or agencies may be the recipient. It also does away with the present formula regarding the ratio between United States contributions and other countries' contributions to the Children's Emergency Fund. The latitude allowed under the conference agreement should enable the President to act effectively to bring about the liquidation of the existing Children's Emergency Fund and bring about a more satisfactorily coordinated program in its stead without incurring the risk of a hiatus in United States support of international children's welfare activities.

While I am talking of money matters, I should mention the difference with respect to guaranties in the European recovery program. This was the most exhaustively considered difference of all of those at issue in the conference.

The guaranty provisions in the House bill were all violently resisted by Senate conferees. In addition to (a) guaranteeing the convertibility of the currency, the House bill provided for a guaranty against seizure, confiscation, or destruction by any government; (b) destruction by revolution, or war; (c) any law, ordinance, regulation, decree, or administrative action which in the opinion of the Administrator prevents the further transaction of the business, and so forth.

The House receded with an amendment. The House had sought also to expand the permissible over-all amount of guaranties from \$150,000,000 to \$300,000,000.

The Senate had sought only to change the act so as to continue the present authorization for guaranties on long-lead industrial items, thus providing and equivalent for forward contracting.

The House conferees receded with an amendment guaranteeing the investment which the Administrator finds to have been lost by reason of expropriation or confiscation by action of the government of a participating country. It raises the ceiling on guaranties to \$200,000,000. It authorizes a raise in the fees charged for guaranties issued by the Economic Cooperation Administration.

Now let me state some of the main points regarding policy as distinct from money authorizations. I must limit the presentation. The list of all issues settled in conference runs into some dozens.

The House was upheld in general in its views regarding the aims of the European recovery program. The single exception is that the reference to political federation of Europe was stricken out. The United States interest in further integrating steps in Europe is indicated, however, by a reference encouraging further steps of unification.

The inclusion of the word "further" indicates the recognition by the Congress that what the participating nations have accomplished so far in the direction of unification is by no means all that must be accomplished if the hopes on which the European recovery program is based are to be fulfilled.

The members of the committee of conference were divided as to the desirability of specifying a political development as an objective of United States encouragement in connection with a program which is primarily economic in character.

The matter was compromised by the conferees on the part of the House receding and agreeing to the deletion of the words "political federation"; then at the insistence of the House conferees, the word "further" was inserted before the words "economic unification." The word "further" would mean that the Congress recognizes that progress has been made, but expects additional action.

Let me now say a word of acknowledgment of the work of the many Members on this side of the Capitol who contributed to the legislative development of the point 4 program.

As most of you know, the Committee on Foreign Affairs held some weeks of hearings last summer and fall on two measures dealing with technical cooperation programs.

One measure, introduced by me as chairman of the Committee on Foreign Affairs, embodied what may be called the administration proposal.

A companion version was that introduced by the gentleman from Massachusetts [Mr. HERTER] and reflecting generally the views of the American business community.

Between the sessions informal efforts, in which Members of this body, representatives of the executive establishment, and various private individuals participated, were continued with the aim of bringing out a compromise that would include the essentials of both the administration proposal and the Herter bill. These efforts were successful. The result was, I believe, a bill that included the best features of both versions. With certain minor modifications made by the Committee on Foreign Affairs after it resumed its deliberations in January, the compromise bill became title III of the House bill to provide foreign economic assistance.

It is now title IV of the conference agreement.

I say this advisedly. The conference agreement is, insofar as it relates to point 4, in every essential way like the bill we passed here 7 weeks ago. The only significant exception is with regard to the authorization, which splits

the difference between the House and Senate versions.

The main result of the House victory on this point in the conference is to preserve the principle, which it brings out clearly, that Government assistance in the field of technical cooperation will be at most only a pilot effort. It can only point the way for economic development. The major results, in the last analysis, must be achieved by clearing the way for a larger opportunity for private investment. The language of the point 4 legislation does not carry stipulations or guaranties regarding private investment. It sets a tone. It creates a climate. It states a principle. It makes clear a set of facts.

A second result of the acceptance of the House language in the conference is to make clear the principles by which technical cooperation programs will be carried on through the agency of international organizations.

A third result—and here I make my tribute to the gentleman from Massachusetts [Mr. HERTER]—is to give him an acknowledged place as one of the architects of the point 4 program.

I turn now to some matters which, though of secondary importance, require a passing explanation, either in response to questions from Members or for the purpose of completing the legislative history.

A question has arisen concerning the rights of the United States in relation to any participating country's local currency which might become property of the United States as a result of the payment of a claim arising from a guaranty made in connection with a long-term contract for the furnishing of capital-goods items and related services where delivery and payment are not to be completed prior to the end of the fiscal year in which the guaranty is made. This is discussed at the bottom of page 19 of the conference report. It is said there that the local currency thus received "will be used or converted in accordance with arrangements to be negotiated with the government of the participating country concerned."

I think the question will be cleared up by pointing out that the qualifying phrase "in accordance with arrangements," and so forth, modifies the word "converted" but not the word "used." If the United States should choose to use the local currency in the country concerned, it could do so without further arrangements. Obviously, however, some arrangement would be necessary for conversion, since circumstance would not arise unless the country concerned had exchange controls in effect.

Next, I should like to correct an editorial error in the statement of the managers on the part of the House included in the conference report (H. Rept. 2117). On page 25 we quote a letter from Administrator Hoffman to Senator CONNALLY. Preceding the quoted portion is a parenthetical statement explaining a reference to an amendment made in the letter. The parenthetical explanation pertains to the amendment referred to in the third paragraph on the quotation—not to the amendment referred to

in the preceding two paragraphs. I hope that explanation will clear up a matter that might otherwise be ambiguous and confusing.

In other words, the following words which the report quotes from Mr. Hoffman's letter refers to the provision expressing the sense of the Congress in regard to certain types of unjustifiable discrimination against American business—section 104 (e) of the conference agreement, amending section 112 of the act:

Furthermore, the . . . amendment . . . gives the Administrator an explicit basis in granting dollar assistance or in acting on proposals to release counterpart, for taking action to see that discriminatory business restrictions against United States citizens are terminated. Under this provision, I would consider myself bound to take suitable action in accordance with the intent of this provision in cases where it is established to the satisfaction of the responsible United States Government authorities that such discriminations are not corrected. Hence the . . . amendment gives assurance that discriminations against American businessmen can be dealt with promptly and effectively.

It was in view of the above position stated by the Administrator that the committee of conference decided that any further provisions attempting to deal with the alleged discriminatory acts against Americans in Morocco would be unnecessary.

One final matter on which a word of explanation is appropriate for the sake of the legislative history, is the requirement in section 414 of the conference agreement. It deals with the security investigation of employees in the point 4 program. The language requires that reports by the Federal Bureau of Investigation be sent to the Secretary of State. The conferees are aware that the majority of the persons employed for service in this program will actually be recruited or assigned by other Federal agencies and that only a small portion will be recruited or assigned by the Department of State. It seems desirable, nevertheless, that there be a central control and a uniform standard, as the persons concerned, particularly those going abroad in the service of the point 4 program, will all be members of the foreign relations establishment of the United States Government. The language does not attempt to dictate the details of the security procedure to be followed in the executive establishment. It does, however, express the idea that the Department of State, as the agency having primary responsibility for the program in fact if not by legislative requirement, and also as the agency having primary responsibility for the conduct of foreign relations in general, shall have a central and controlling voice in respect to the standards to be applied in the evaluation of the reports of investigation.

I hope the conference report will be approved.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. KEE. I yield.

Mr. RICH. What is the total amount of this ECA assistance that we are contributing to these foreign countries for this year of 1950-51?

Mr. KEE. Three billion one hundred and ten million five hundred and fifty thousand dollars, with an additional \$50,000,000 authorization for guaranties which will be a public-debt transaction and requires no appropriation.

Mr. RICH. It is about \$3,000,000,000?

Mr. KEE. Yes, it is about \$3,000,000,000.

Mr. RICH. Mr. Acheson is on his way back home on a boat. He was over there and has made promises, according to the newspapers, that we are going to continue to furnish money to these ECA countries in future years, after the 1951 appropriation is spent. What truth is there in that statement?

Mr. KEE. I have no information whatever as to any promises made by Mr. Acheson.

I think if you will read the bills that have been passed out of the Foreign Affairs Committee, you will see that they have provisions in them that no future commitments are authorized or implied by any of the authorizations contained.

The SPEAKER pro tempore (Mr. BIE-MILLER). The time of the gentleman from West Virginia has again expired.

Mr. KEE. Mr. Speaker, I yield myself one additional minute.

Mr. RICH. Has Mr. Acheson any authority to commit this country to anything in those foreign countries?

Mr. KEE. The gentleman, being a Member of Congress, ought to be able to answer that question himself.

Mr. RICH. Well, I do not know. I have tried to find out. He is over there making promises. They said when we made the first ECA appropriation under the Marshall plan that it was only for 1 year, and then they came in here the second year and said we were obligated because we promised.

The SPEAKER pro tempore. The time of the gentleman from West Virginia has again expired.

Mr. RICH. Now, do not give this thing up. This thing is too important for the American people. Take some more time.

The SPEAKER pro tempore. The time of the gentleman from West Virginia has expired.

CALL OF THE HOUSE

Mr. MILLER of Nebraska. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count.

Mr. MILLER of Nebraska. Mr. Speaker, I withdraw the point of order.

Mr. RICH. Mr. Speaker, then I make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and one Members are present; not a quorum.

Mr. PRIEST. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 171]

Allen, Calif.	Bentsen	Boykin
Allen, Ill.	Boggs, La.	Bramblett
Anderson, Calif.	Bolling	Buchanan
Bennett, Fla.	Bonner	Buckley, N. Y.

Burdick	Hoffman, Ill.	Pickett
Carlyle	Holifield	Plumley
Case, S. Dak.	Irrving	Poulson
Chatham	Jackson, Calif.	Quinn
Cooley	Jensen	Rabaut
Crawford	Jones, N. C.	Rivers
Crosser	Judd	Sadowski
Davis, Tenn.	Kean	St. George
Dawson	Kearney	Scott,
Deane	Keefe	Hugh D., Jr.
DeGraffenried	Kennedy	Scudder
Dingell	Larcade	Secrest
Dolliver	LeCompte	Shelley
Douglas	Lichtenwalter	Sheppard
Doyle	McConnell	Sims
Durham	McDonough	Smathers
Engel, Mich.	McKinnon	Smith, Ohio
Engle, Calif.	McMillen, Ill.	Staggers
Fernandez	McSweeney	Stigler
Fugate	Magee	Sutton
Gary	Mahon	Walsh
Gilmer	Martin, Iowa	Welch
Green	Miles	Wheeler
Gwinn	Miller, Calif.	Whitaker
Hall,	Monroney	White, Calif.
Edwin Arthur	Morrison	Wickersham
Hand	Murray, Wis.	Widnall
Hare	Nixon	Willis
Hébert	Pfeiffer,	Wood
Heffernan	William L.	

The SPEAKER pro tempore. On this roll call 334 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950—CONFERENCE REPORT

Mr. KEE. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. WIER].

Mr. WIER. Mr. Speaker, I rise at this time to voice the protest of an industry which is quite important and almost predominant in the city of Minneapolis. As you know Minneapolis is the second largest milling center in the United States. For a long time it enjoyed the position of being the largest milling center in the country. In my district there are over 3,000 employees who try to eke out a livelihood in the milling industry.

Milling thrives as an industry not only in the city of Minneapolis, but almost every city in the United States. The employees of that industry are concerned with a section of this bill, and I hope that some Member of the conferees will further enlighten us in the RECORD on the question of the elimination in the conference of the 12½ percent milling section. I have over 50 letters from those engaged in this milling industry as a basis for my protest on the floor of the House against the elimination of that section requiring that 12½ percent of the milling be done in this country. That may not seem so important to some, but it is important to these people engaged in this industry. As I support, and have supported the reciprocal-trade agreements, and have supported ECA, I little anticipated that in so supporting such legislation I would be causing injury to the economic welfare of thousands and thousands of workers in America.

We depend upon the income of these people who are a part of our industrial empire to get the taxes in this country to pay the expenses involved in this ECA program. When the bill left the House, as shown by page 7 of the report, it provided for not less than 12½ percent of the grain to be milled in this country so that our workers would par-

ticipate to some extent, at least, in this program.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. WIER. I yield.

Mr. VORYS. The gentleman is completely in error. When the bill left the House the provision giving flour a preference, and providing for the 12½ percent, was out of the bill. It was not repealed in the Senate bill, but the repealer of that requirement was in the bill as it passed the House, and it was so stated in the committee report.

Mr. KEE. If the gentleman will yield again, it was not in the bill when it came to the House. It was taken out in the committee.

Mr. WIER. I have the report, and on page 7 I find this, in section (c):

The amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour produced in the United States for transfer by grant to such countries under this title shall not be less than 12½ percent of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title.

I assume that that was in the bill some place.

Mr. KEE. What are you reading from? What is the date of it?

Mr. WIER. It is the Foreign Economic Assistance Report No. 1802.

Mr. KEE. Is that the report you are reading?

Mr. WIER. No. I have the conference committee report here, and what I am asking about is this 12½ percent, which is beyond what you say in this conference report, and which is not very explanatory to these people in my district who are deeply concerned. I am willing to grant some money, I am willing to grant some food, I am willing to grant the shipment of assistance over there, but I am not yet ready to grant both those and the employment that is in this country. In other words, I do not want to ship the jobs over there, too. I want to retain the jobs in this country.

Mr. GORSKI. Mr. Speaker, will the gentleman yield?

Mr. WIER. I yield.

Mr. GORSKI. The deletion of that provision is also causing a lot of trouble in my district. I have received a number of telegrams and letters with respect to it.

Mr. WIER. I am sure that Buffalo will be more interested than I am. I would like to have an explanation from some member of the committee why this 12½ percent, at whatever stage, was deleted.

The SPEAKER pro tempore. The time of the gentleman from Minnesota [Mr. WIER] has expired.

Mr. KEE. Mr. Speaker, I yield 5 minutes to the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Speaker, the gentleman from Minnesota [Mr. WIER] has requested that someone on the committee explain to the House why that 12½ percent requirement for American wheat flour was deleted from the bill. I will be glad to attempt to do that.

In the first place, the provision for 12½ percent for wheat flour manufactured in the United States was not in the House bill. It was in the Senate bill. The other body receded from its position. We all want to take care of all the industries in the United States that we can. Everyone on both sides of the aisle wants to do that, but we have first of all to take care of the interests of the American taxpayers as a whole. There is no reason in the world why the wheat miller in the United States should through this bill be subsidized by the American taxpayer. If that 12½ percent provision remains in the bill, it, in effect, means that the miller will be subsidized to that extent.

Let us get what we are up against. We want to use just as little of the taxpayer's money as we can in bringing about economic recovery in Europe. The Europeans do not want white bread. What is the use of sending something over there that will be a drug on the market? The counterpart fund will not be increased from the sale of white flour, because the French people, for instance, are not going to buy it. Then, too, the 12½ percent provision will mean that the wheat grower in the United States will be hurt because he cannot sell as much whole wheat. It will mean that the ECA countries will go on the Canadian market or elsewhere to buy wheat, because they want the rough stuff and that kind of thing, for their bread. The wheat grower in the United States will be hurt if this provision remains in the bill.

If through this bill we are going to subsidize the manufacturers of certain products, then I want my section of the country to be taken care of too. The textile industry in the South is up against it right now to sell all of its output. Suppose there were included in this bill a provision that Europe had to take so much finished textile products, maybe a certain type of cloth which they do not need and would not buy. That would help the textile mills of the South, but it would not help the taxpayers of America, and it would not help the recovery program in Europe.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Iowa.

Mr. GROSS. Does the gentleman mean to say that the milling industry of this country could not mill flour for use overseas with hulls in it if they were wanted?

Mr. RICHARDS. No; they could do it, but there would be byproducts left here which could be used overseas. Then, too, the milling process here would be made expensive. Remember, there is no shortage of the byproducts of wheat in this country at this time. If there were a shortage and the American people needed it there might be some argument for your theory.

Mr. GROSS. But at least to the extent of the hulls that went into the whole wheat flour shipped abroad there would be that much less byproducts left to compete with American byproducts.

Mr. RICHARDS. As a matter of fact, the European people can get most out of this program if they buy the whole wheat. They want whole wheat bread; they do not want the white stuff. That is the real crux of it; they do not want white flour. They will not buy the white flour but they will take free dollars and buy wheat from Canada or somewhere else, and to that extent the American farmer would be hurt.

Mr. GROSS. By the same token, they would probably rather have sirloin steak than canned meat.

Mr. RICHARDS. I don't get the gentleman's point. As a matter of fact, he is offering them high-priced sirloin when they would prefer the cheaper cuts.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. AUGUST H. ANDRESEN. I am sorry they eliminated this provision with reference to flour, but what I wanted to ask, a question based on the gentleman's reference to textiles. There is a provision in the bill under which 4,500,000 or 5,000,000 bales of cotton will be sent out of this country to be made into textiles to be shipped back into the United States and to compete with our own textile industry.

Mr. RICHARDS. I am not asking favors for my part of the country; I want wheat and flour to get the identical break that cotton gets.

Mr. KEE. Mr. Speaker, I yield such time as he may desire to the gentleman from Minnesota [Mr. BLATNIK].

Mr. BLATNIK. Mr. Speaker, in connection with title V of the conference report on international children's welfare work, I would like to read an extract from an official communique which the Department of State received on April 26, 1950, from our Ambassador to Yugoslavia, Mr. George Allen. This section has been declassified and given to me this morning. It reads as follows:

The embassy is increasingly impressed by the accomplishments and value of the UNICEF operations in Yugoslavia. Aside from the humanitarian aspects of feeding 1,500,000 children daily, UNICEF is the most effective tangible evidence of the United Nations as an operating world organization to the masses of Yugoslav people and is the only method now available to bring the existence of the United Nations home to them. Its activities are fully accepted and assisted by the Yugoslav Government and there is, fortunately, no effort by the Government to disguise the origin of the assistance or attempt to claim credit for the UNICEF operations.

The text of the law adopted by the conferees on the subject of international assistance to children certainly meets every fair-minded concern for any necessary changes in the organization. It should also go a long way toward meeting the expressed desire of a broad section of the American public, and the vast majority of the Congress, who want to see real effective and practical international aid provided for children.

The cable which I have just read from Ambassador Allen, who is situated in one of our most critical foreign posts, is an important testimony for the need to continue assistance to children on the basis

of a supply operation, which gives tangible demonstration of the value of the United Nations, and the sincerity of American humanitarianism.

Last fall, as chairman of a select committee of the House Committee on Expenditures, with other Members of this body, I traveled in 14 countries of Europe and the Middle East and actually witnessed the field operations of this important organization. The mandate of our committee also directed us to study some of the permanent agencies referred to in this report. While I was impressed with the broad scope and high principles of these specialized agencies, I was convinced that international assistance to children must continue along the basic principles which have motivated the operation of the United Nations Children's Fund.

The raising of funds, the procurement and moving of supplies, arrangements with governments or national agencies within the assisted countries, the full accounting and reporting on the utilization of supplies and equipment shipped to the assisted countries, all involve a serious work and an organized network of staff experienced in supply distribution. It is not enough to conclude that other bodies could easily take over this responsibility until there is assurance that they are prepared for it; that they have the will to raise the necessary funds; that they have the required field staff.

Our committee, which as far as I know, is the only committee of Congress to make an "on the spot" study of these organizations, I was convinced that none of the specialized agencies were prepared to take over this kind of a program. Moreover, it should not be forgotten, that within the period of its existence, the United Nations Children's Fund has raised almost as much money as the United Nations, and all of the specialized agencies together have received in the same period. This money has not been raised easily by UNICEF. It has been raised essentially on the basis of trusteeship which UNICEF has developed between the donor, whether a government or an individual, and the actual recipient of the relief. It would be an unfortunate delusion to believe that one section within the United Nations in a mechanical way could go out and raise funds from governments and individuals, in order to meet the continuing needs of children, and then have these funds disbursed in turn by other agencies who are not in direct and live contact with the donors.

The fundamentals of the question are simple and clear. In agreeing to authorize \$15,000,000, the conference reflected the will of Congress that material assistance should continue to go to children's aid. Congress does not want aid changed into international advice however competent at a high governmental level. It wants actual international aid getting right down to children. The function of the permanent agencies is advisory. The function of the Children's Fund is to provide material assistance on the basis of proved need. It does not provide technical advice. As far as children are concerned the two things go together. Both are needed. Instead of

there being duplication at the present time, there would be gross duplication if the functions of the fund were made the same as those of the existing agencies, or if the money authorized in this bill were used to extend the type of work now being performed by these agencies.

Mr. Speaker, it would be sure folly for the United States Government to let this program of tangible assistance to children be absorbed in the advisory programs which perform such valuable complementary services. In closing I ask unanimous consent to have a copy of a letter which I have written to Senator HUMPHREY on this subject inserted in the RECORD:

APRIL 25, 1950.

Senator HUBERT HUMPHREY,
Senate Office Building.

DEAR HUBERT: It is my understanding that you are one of the sponsors of S. 3420, a bill to continue United States participation in the United Nations International Children's Emergency Fund.

As you know, the select committee of the House Committee on Expenditures in the Executive Departments made a careful survey of this organization last summer and fall. We not only visited the headquarters of the organization and interviewed the personnel in every section of its work, but our committee also examined the field program in 14 countries of Europe and the Middle East.

As chairman of that committee, I would like to draw your attention to some of the outstanding characteristics of this program which I believe merit the support it appears to have in the Senate.

First, I would like to pay tribute to the executive director, Mr. Maurice Pate, of Cape Cod, Mass., formerly of Denver, Colo. Mr. Pate first learned how to handle the problems of an international supply program when he served with Herbert Hoover in the American Relief for Belgium and the American Relief Administration in Poland. During the Second World War he served as director of the civilian relief program for the American Red Cross. In spite of submarine warfare and the bombing of Red Cross trucks overseas, 98 percent of Mr. Pate's supplies reached their destination.

The story of UNICEF is even more remarkable. Less than one-tenth of 1 percent of all UNICEF supplies have been lost through damage, pilferage, or mismanagement. A detailed system of commodity accounting is maintained for each step in the transportation of supplies from producer to ultimate consumer. Thus, UNICEF officials can tell at any moment the exact location of a load of Chicago meat or Wisconsin powdered milk.

This seems like a lot of work involving a big staff, but such is not the case. By wise planning and constant spot checking, UNICEF officials have reduced the cost of administration to less than 4 percent of the total program. Moreover, 2 percent of this cost is used to pay for technical experts associated with the milk conservation and medical programs.

In a world of distrust and fear, the Children's Fund is a concrete demonstration that international organization can work for the benefit of mankind.

Our committee was deeply impressed with the effective and efficient manner in which the International Tuberculosis Campaign was being conducted. We visited a state serum institute in Copenhagen, where the tuberculin and vaccine were being produced to protect millions of children against this dread disease. Without UNICEF supplies this joint endeavor (UNICEF, the Scandinavian Red Cross Societies and the World Health Organization), to conduct the first mass international medical campaign would never have been made. Today more than

30,000,000 children have been examined and vaccinated when necessary against tuberculosis.

In Vienna we saw the gigantic soup kitchens built by the Nazis to feed their occupation troops, now producing a nourishing hot meal for school children in all four zones. For UNICEF supplies are given without discrimination because of race, creed, color, or political belief.

Wherever these supplies go, however, the children and their parents know where they come from. In every country we found posters acknowledging this program as a United Nations effort. No one was surprised to see a United States congressional committee interested in these expenditures because American supplies and American personnel were prevalent in the program.

In Italy his Holiness the Pope expressed his deep concern for the future of international assistance to children. And well he might. We found millions of children in Europe who would have died without this international humanitarian enterprise. In Asia and in Latin America UNICEF programs are just now getting under way. The United States Congress cannot afford to let this program terminate.

The United States Congress was responsible for starting this program. Our matching formula has provided the incentive to make it successful. I earnestly hope we will continue to take the lead necessary to insure its continuation.

Sincerely yours,

JOHN A. BLATNIK,
Member of Congress.

Mr. DONDERO. Mr. Speaker, will the gentleman yield me 2 minutes to ask a question?

Mr. KEE. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. My purpose in asking for this time is to ask the chairman of the committee a question. I am interested in the Children's Fund mentioned on page 14 of the report. The question I desire to ask is: Will a man by the name of Dr. Ludwig Rajchman who I understand is a top-flight Polish Communist be the chairman of the committee that will distribute this fund? And will a woman by the name of Mrs. Gunnar Myrdal wife of a prominent Swedish Communist who, I understand, introduced Trygve Lie to Stalin in Moscow recently, will these people have anything to do with the distribution of this money or this fund?

Mr. KEE. Answering the gentleman's question, of course, we have nothing to do and I know nothing about the organization except that a man by the name of Pate, I think it is, is known as the manager of this fund.

At the last session of this Congress an amendment was adopted to this bill in which it was stated positively that the children's fund was to end this year. That I stated on the floor of the House. Your committee of conference fought strongly against this fund. When we went into conference we found the Senate had placed a provision in this bill containing the children's fund.

Mr. DONDERO. The gentleman's committee should be commended for fighting against this item.

Mr. KEE. We argued it long, loud, and vociferously with the Senate. Finally we agreed to a compromise. If the gentleman will read the provision

in the bill, this is a compromise agreement; \$15,000,000 only will be authorized. Whether the Appropriations Committee will appropriate it or not, I do not know. Then the fund is terminated and no more funds will go into the children's proposition at all.

The SPEAKER pro tempore. The time of the gentleman from Michigan has expired.

Mr. KEE. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. GORSKI].

Mr. GORSKI. Mr. Speaker, on behalf of the milling industry of Buffalo and its employees I want to strongly protest the elimination of the provision in the ECA bill whereby at least 12½ percent of the wheat shipped to European countries should be ground into flour in the United States.

Buffalo is one of the largest milling centers in the country and thousands of its citizens are employed in this industry.

At the present time the flour mills are operating on a part-time basis. This condition has existed for some months with a resultant low take-home pay for the mill workers. Naturally, this is not conducive to our idea of economic prosperity.

The workers in the milling industry are definitely interested in helping their less fortunate brethren abroad but feel that their livelihood should also be considered.

This is not the time to be thinking of eliminating the milling of wheat into flour in our home mills but rather we should be contemplating building up our own industry that we might be better prepared to increase our shipments abroad.

The action of Congress in eliminating this provision is a definite disregard for the people of this country who are citizens and taxpayers and I cannot too strongly couch my words of protest.

Mr. KEE. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Speaker, the conference on this bill lasted for 5 days and many of the most interesting aspects of it cannot be discussed under the rules of the House forbidding references to Members of another body; however, the conference report represents in general the House bill. The changes and compromises have been very ably covered by the distinguished chairman of the Committee on Foreign Affairs.

It will be noted that this is a unanimous report. The House conferees, it seems to me, were a very able and cooperative team, carrying on an educational process which became necessary during the course of the conference, due to the fact that many important provisions of the bill the House had passed and which was pending in the Senate when that body acted, had never received any consideration by the Senate or its committees. I want to pay my tribute to our chairman the gentleman from West Virginia [Mr. KEE], to the gentleman from South Carolina [Mr. RICHARDS], and the gentleman from Illinois [Mr. GORDON], the Democratic members of the conference committee, and also my

colleague the gentlewoman from Ohio [Mrs. BOLTON], for their able teamwork during the conference; this required persuasion and patience and sometimes firmness on the part of the House conferees.

We have as a result of this conference established that what is needed is not only a bipartisan foreign policy but a bicameral foreign policy. There are two bodies on Capitol Hill, both of which should be consulted in advance on foreign policies, during the course of legislation and after the legislation is in effect.

The issue of flour versus wheat has been mentioned here. It is interesting to find that that is the only complaint made by any special group today. There are a number of commodities, such as cotton, and a number of industries, such as machine tools, that might profit by special consideration in this bill. All of American agriculture and a great many industries will profit from the foreign-aid plan carried on during the past few years and envisaged for the next 2 years. Your conferees, however, were adamant against raising the cost of foreign aid in any instance in order to furnish special aid to some domestic industry or branch of agriculture. We felt that the incidental benefit at a cost to all taxpayers was all the benefit that should come and that if subsidies are needed for our flour mills or for agriculture or for industry, they should be taken up on their own merits in separate legislation and should not be made a part of a foreign-aid program.

Remember, we are trying to promote European recovery in agriculture and industry. We are doing this to make Europe strong, for our mutual security in the face of the Communist threat. Industrial recovery means getting factories and mills going, and involves our sending equipment and raw materials for these factories and mills instead of sending relief supplies. After they get going, we want to stop sending wheat or flour, iron or finished products, cotton or shirts, unless they pay for them in dollars. Meanwhile, let us not increase the cost and decrease recovery by using foreign aid for domestic aid to special groups and industries.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. KEE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the matter now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. This morning I made a 1-minute speech on the floor about the expending of some \$85,000,000 in the four corners of the world for irrigation projects and road projects, and so forth, and the gentleman from Mississippi [Mr. WILLIAMS] spoke

about some money being spent to build a gambling casino in Le Havre, France. Were those matters discussed in the committee about the necessity of this type of expenditure?

Mr. KEE. I do not recall anything being said about a gambling casino.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Nebraska.

Mr. STEFAN. Mr. Speaker, several Members have taken the floor recently and stated that ECA or Marshall-plan funds are being used for the repair and construction of a gambling casino in the city of Le Havre, France. The statements were absolutely correct, according to my investigation, but undoubtedly the newspaper releases upon which these statements were based were somewhat premature. It appears that the ECA originally approved the reconstruction of casinos in France as a general rule, but wholesale improvement was made before an investigation was made of the entire breakdown of expenditures by projects. After the investigation was made on the breakdown of projects, the Le Havre casino reconstruction was rejected by the ECA on the grounds that this would not be an appropriate use of counterpart funds. Therefore, the 4,000,000 francs to be used for this purpose will be used for other purposes than those of repairing this particular casino.

I have been informed by the ECA that 95 percent of the counterpart funds deposited in the special account in France are owned by the French Government but under joint United States-French supervision and released periodically to the French Government for expenditures of their investment program. The French Government has prepared a list of projects or categories of projects belonging to their investment program which can be financed from counterpart funds this year—1950—when and if the funds are released.

The counterpart program contains a general section of tourist business, the item known as tourism, the development of which in France, the ECA states, is a most desirable investment objective. The agency states further that it did not possess the breakdown of that section until recently and obviously did not approve its details, although it did approve in principle the use of funds for this purpose. I am informed that the agency has full opportunity at all times to scrutinize the breakdowns for counterpart expenditures and to reject those items which do not seem justified.

Specifically, relating to the gambling casino at Le Havre, France, the ECA statement to me is as follows:

When ECA received recently the breakdown of the proposed expenditures from the French Government for tourism, it was noted that a contribution for the reconstruction of casinos in France was included. Casinos in France are leading civic centers including restaurants, auditoriums, shops, etc., and are important producers of foreign exchange since they are frequented by foreign tourists. It is for this reason that the French Government submitted these projects. However, French casinos generally have facilities for gambling under French Government license

as a side activity. Therefore, the French proposal for reconstruction of the Le Havre casino was rejected by the ECA on the grounds that this would not be an appropriate use of counterpart funds.

Mr. KEE. I thank the gentleman.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Iowa.

Mr. GROSS. I wonder if the gentleman from Nebraska could say that the money will be spent for that purpose in Europe or anywhere in the world.

Mr. STEFAN. According to my statement just made, it will not.

Mr. MILLER of Nebraska. I am pleased to have the gentleman's explanation of that. I do not know how late the decision was made that he speaks about, but I did notice a headline from Paris, dated May 9, which states that they were using funds for a gambling casino at Le Havre, France.

The ECA office here says, "This may seem frivolous expenditure, but it is important to help increase the town's revenues."

That is a quote from the ECA officials in Le Havre, France, so I am very happy to know that they have finally decided not to spend this money in Le Havre or any place else for that purpose.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Ohio.

Mr. VORYS. I would like to call attention to the fact that the bill as it comes back is \$245,000,000 below the budget request; \$250,000,000 below with reference to ECA, \$10,000,000 below with reference to point 4, but with \$15,000,000 unbudgeted in for international child-welfare work, as has been explained. Now, all of these authorized amounts are limitations on appropriations. Of course, the Committee on Appropriations will go ahead and consider within these limitations what appropriation should be recommended. But this reduction of \$245,000,000 is going to require a commensurate reduction in a number of proposals made by ECA when they brought their program here to the House earlier this spring.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Pennsylvania.

Mr. RICH. Notwithstanding the fact you are talking about these reductions, the fact is that we are going to appropriate about \$3,000,000,000 now for this ECA program; is that correct?

Mr. VORYS. It will be less than \$3,000,000,000. The total bill is \$3,110,550,000. That is the limitation placed upon the appropriations authorized in the bill.

Mr. RICH. Now let me ask you this: Have you considered or given any consideration on where you are going to get this money?

Mr. VORYS. Yes.

Mr. RICH. Where are you going to get it?

Mr. VORYS. We have given careful consideration to it, and we are going to get it the same place we get the rest of the money for our gigantic 1951 budget.

Mr. RICH. The fact is that you have \$3,000,000,000 in this bill, and you do not know where you are going to get the money. Neither the gentleman from Ohio nor any of the gentlemen on that side of the room know where you are going to get the \$3,000,000,000 that the American taxpayers are going to be compelled to pay into the coffers of the State Department for them to squander in foreign countries. I think it is about time you look after America and give your time and attention to the things that belong to America, instead of trying to look after the whole world. The quicker you do it, the better it is going to be for all the people of this country.

Mr. VORYS. This is an authorization bill with limitations on it. The appropriations will come later, but the appropriations will come from taxes and from borrowing, the same as the rest of the appropriations this Chamber is considering for the current year.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield.

Mr. HOFFMAN of Michigan. It is perfectly obvious, I think, to everyone in the House where the money is coming from, and the gentleman from Pennsylvania knows it very well. It will come from bonds sold by the Federal Government to the American people. When those bonds come due, they will be paid back in dollars that will buy perhaps half as much as they will now.

Mr. KEE. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. WILLIAMS. Mr. Speaker, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Mississippi.

Mr. WILLIAMS. In the omnibus appropriation bill the House recently passed, funds were denied for any new construction on projects already authorized in the United States. I wonder if the gentleman can tell me how much of these funds is authorized for new construction on projects overseas, that is, public projects?

Mr. FULTON. There is an amount in this bill for new projects overseas, but the gentleman should not say, "If I do not get mine, I will not give you yours." That is not the proper basis of decision.

Mr. WILLIAMS. I did not ask the gentleman that question.

Mr. FULTON. The basis of decision is this: What is best for the interests of the United States of America in this troubled world of ours, and what is best for those democracies that are standing by us and were our allies during the war?

May I comment in answer to a question asked by my good friend, the gentleman from Michigan [Mr. DONDERO], concerning Mrs. Gunnar Myrdal in which there was an assumption that Mr. Myrdal, her husband, was a Communist. It is correct that both Gunnar Myrdal and his wife are from Sweden. So that the Congress might have their background, Mrs. Myrdal since 1946 has been president of the Swedish Federation of Business and Professional Women, and has been active in UNESCO work with the

United Nations. Gunnar Myrdal, whom I have met at Geneva and with whom I have discussed European economic problems, certainly has a grasp of such problems, has been given a doctor's degree by Harvard University, and has been director of the Bank of Sweden, as well as Minister of Commerce of Sweden. Incidentally, Sweden has not done too badly economically, much to her credit.

Myrdal is my Director of the Economic Commission for Europe of the United Nations and recently returned from Moscow saying that he did not look toward much cooperation from the eastern European countries with the west. Certainly this is an independent judgment. He did not return with any Soviet party line and he did not come with any arrangement that had been made either for or on behalf of Stalin. He has done a good job and tried to work with the Marshall plan people in Europe, as well as for peaceful adjustment between the east and west, which we all hope for. I believe he has done an excellent job for the United Nations.

May I also speak in regard to title V, the International Children's Welfare Work. The International Children's Welfare Work has \$15,000,000 authorized in this bill. This is to help the children abroad. The Congress has provided billions through the Marshall plan countries for industry and for the grown people, but it seems to me we should also think of the next generation. The man who is in charge of this operation—who has made it the most successful program in the United Nations—is an American businessman—the Executive Director, Maurice Pate. Mr. Pate assisted President Hoover when he was feeding Europe after the last war. He is a good American in charge of a good program to help these children all over the world. What fools we adults would be not to feed the children of the world in the guise of political expediency.

Dr. Rajchman was chairman of the Executive Board for the Children's Fund, but when the eastern European nations walked out of the fund last March, Dr. Rajchman severed his relations with the fund and his place has been taken by Dr. Sutch of New Zealand. So there is no doubt he has no present connection with the program.

You say, "What have they done?" They have done a remarkable job which has won world acclaim for American humanitarianism as well as the United Nations. For your orientation, I would like to point out certain high lights of this program.

First. The Children's Fund without any assessed basis of support has raised the following voluntary contributions:

	Dollar equivalent
Residuals transferred from UNRRA.....	31,845,504.85
Contributions and pledges from governments.....	104,600,987.91
Voluntary contributions from individuals through UNAC campaigns and other sources.....	11,833,498.67
Total.....	148,279,991.43

Second. Thus far, the equivalent of approximately \$145,000,000 of the above

funds has been allocated to 54 countries or areas.

(a) At the present time supplementary food is reaching daily approximately 7,000,000 infants, children, and nursing mothers.

(b) The Children's Fund has provided raw materials in the form of cotton, wool, and leather, which in the receiving countries have been converted into clothing and shoes for 2,000,000 children.

(c) The medical program supported by the fund and carried on in cooperation with WHO, and in the case of tuberculosis testing and vaccination with the Scandinavian Relief Societies, have now reached 22,000,000 children.

(d) The milk-conservation plan of the fund carried on in cooperation with FAO has, or shortly will have, expended the equivalent of several million dollars.

Third. The above are the four principal programs in respect to size of funds invested, but the Children's Fund has given its support to a number of other smaller programs in respect to the well-being of children and mothers. At this time they are possibly at the peak of their work. However, with substantial stocks of dry powdered milk, principally skim milk, weighing as surplus on several producing countries, the continuing distribution of this milk is expected to serve as an added stimulus to the maintenance of child feeding in a number of countries. Just recently, for example, the fund has made arrangements to step up shipments of skimmed milk to India and Pakistan. Further amounts of 1,000 tons to India and 1,000 tons to Pakistan are now under way to these two countries for children in refugee camps.

Fourth. The operating principles of the fund are unique in foreign assistance programs.

(a) The fund's aid in all instances must be given on the basis of need, without regard to race, creed, nationality, or political consideration.

(b) The aid, insofar as possible, is given with lasting effect in view; that is, the fund seeks to make a permanent contribution to child welfare. The fund's aid is used to meet the immediate need in such a way that the programs in which it is now participating can in time be effectively taken over entirely by the assisted countries.

(c) Assistance is predominantly in supplies and equipment for child-care programs. The fund provides only supplies and equipment not available locally and necessary as part of a national program to meet a serious child-care problem.

(d) The imported supplies provided by the fund are "matched" with an equal amount of locally available supplies. In this way, an administrative and budgetary pattern is built up on national, provincial, and local levels, to carry on the programs when international assistance is no longer needed. Many of the child-care programs are relatively new to the recipient country and a pattern of education on the part of parents, teachers, and local volunteer groups is likewise built up for the continuation of such type program.

The "matching" provision has not been an easy one for some countries to meet; by the same token, however, the "matching" requirement has assured a vital local government interest in the program. Under this policy there is inevitably greater assurance of a continuing interest by the Government and a more permanent value from the programs conceived.

(e) The children's fund acts as trustee between the donor and the recipient. The Government, or designated relief agency of the assisted country, in its turn acts also as a trustee in distributing and accounting for the goods and services thus made available. In keeping with this agreement, the fund retains title to all supplies until they are consumed by the children; or in the case of nonconsumable items, until the equipment is in use for the purpose intended or permanently and satisfactorily installed. A minimum number of international staff members are in each receiving country for the purposes of liaison, assessment of needs, and observation of the use of supplies.

(f) No supplies are provided until the country has entered into an agreement with the fund governing all aspects of the fund's relations with the recipient country. This agreement, which is in the form of a contract, provides, in addition to the nondiscrimination, "matching," and trusteeship principles discussed above, that the fund's representatives will freely observe the distribution and use of supplies; that supplies will bear the distinctive marking "UN Children's Fund"; that full public information will be accorded the fund's program; that the Government will maintain adequate accounting and statistical records and furnish the fund with such reports, records, and information as the fund may find necessary; that the fund's supply assistance is to cease, except under exceptional circumstances, if the Government exports any supplies of the same or a similar character; that the Government will assume all operational and administrative expenses connected with the reception and distribution of the supplies and for the maintenance of office expenses, travel, and so forth of the international staff. These agreements have been fulfilled satisfactorily. On occasional instances, often on a purely local basis, some infraction is uncovered as a result of inspection. This is not surprising in view of the widespread character of this help. For example, food is distributed through over 45,000 schools, child clinics, children's institutions, feeding centers, and so forth, some of remote rural regions which have never before had experience with this type of programs. Whenever infractions are discovered steps are taken by the fund to rectify the situation at once.

Thus the cases of Albania, Hungary, and Rumania, when these Governments wished to continue to receive the fund's help without a resident international mission, the sending of supplies to these countries was stopped.

All of these programs have been carried out in cooperation with the specialized agencies of the United Nations.

UNICEF does not give technical advice, or run technical demonstration. These functions are performed by the specialized agencies of the United Nations and will be expanded as part of the technical assistance program. On the other hand, the permanent agencies and the technical assistance program have no supplies with which to aid child-care programs. The Director General of WHO, commenting on this cooperation of the WHO executive board, stated:

The provision of supplies to governments by UNICEF for health projects has played a most important role in the promotion of many of these projects. Increasingly it has been demonstrated that WHO can act as the health agency to provide the technical advice and assistance in the initiation, approval, and development of projects for which supplies will come from another source.

Norris E. Dodd, Director General of FAO, made a similar statement in a recent speech:

One of the most regarding relationships has been with the United Nations International Children's Emergency Fund. A joint committee of FAO and the World Health Organization advised the fund on child nutrition. The FAO nutrition division has advised UNICEF on the purchase of foods for large-scale feeding programs for children and mothers. FAO also assisted UNICEF in a program for increasing the European indigenous supply of safe milk. UNICEF provided financial assistance and FAO supplied technical aid to European countries taking part in this program.

The following list demonstrates some of the specific methods in which this cooperation operates:

UNICEF—FAO—WHO

FAO and WHO established for UNICEF the fundamental nutritional principles to be followed in the development of supplementary feeding programs.

Methods: Advisory conference of experts; working party of staff members.

UNICEF—FAO

FAO advice to UNICEF on suitability and nutritional value of specific food products available to fund;

FAO advice on nutritional problems of specific UNICEF assisted programs;

FAO advice on planning and policy of UNICEF milk conservation project in Europe and on technical problems involved in procuring specific equipment.

Joint FAO-UNICEF undertaking in Central America with UNICEF supplies and FAO expert advice related to demonstration feeding and to national agricultural developments required to maintain and extend nutritional advances for children.

Methods: Consultations, seconding of FAO officials to UNICEF; joint FAO-UNICEF advisory panel on milk conservation project.

UNICEF—WHO

WHO has assumed following responsibilities for UNICEF medical supplies to governments for child-health programs:

(a) Approval of the types of child-health programs UNICEF may properly assist;

(b) Establishment of medical and technical standards to be followed in country programs;

(c) Provisions of experts to governments, upon their request, to survey specific needs, prepare requests to UNICEF, and develop plans of operations for the proposed program;

(d) Approval of individual country plans of operations;

(e) Approval of individual supply lists and supply specifications;

(f) Provision of experts, in agreement with governments, to assist in the implementation of the UNICEF-aided program;

(g) Technical follow-up, evaluating, and reporting on programs.

In addition WHO on a reimbursable basis administers UNICEF child-health fellowships in the Far East.

Methods: Joint UNICEF-WHO Committee on Health Policy composed of representatives of the executive boards of the two agencies determines general policies of assistance to countries' health programs; consultation; use of WHO expert committees, secretariat, consultants and seconded experts; WHO participation in medical subcommittee; development of joint procedure for selection and placement of WHO administered UNICEF fellowships.

UNICEF—UNESCO

UNICEF mission personnel in certain countries provide screening evaluations to UNESCO educational reconstruction program.

Methods: Use of UNICEF field mission personnel.

UNICEF—DEPARTMENT OF SOCIAL AFFAIRS

Social affairs officers advise UNICEF staff in countries where both are stationed on child welfare problems as they relate to UNICEF programs; child welfare consultants have been appointed to the fund's regional offices to give technical advice to regional offices, field missions, and as appropriate governments to help obtain maximum advantages for child welfare made possible by UNICEF supplies; administration by SAO on a reimbursable basis, of UNICEF child welfare fellowships in the Far East.

Methods: Consultations, seconding officials; development of joint procedure for selection and placement of SOA administered UNICEF fellowships.

The United Nations Children's Fund program has been successful beyond my fondest hopes. When the program was not in the original 1948 Foreign Assistance Act, I felt the children should be included, and submitted the original amendment in the committee for the United States participation in this program on the basis of a matching contribution by other member nations. As you will remember, I spoke at that time on the floor explaining the program to the House, and the program remained as a separate title in the ECA Act.

We should continue to protect these needy and deserving children.

Because of the statements in opposition to the program, and the evident lack of knowledge of its fine accomplishments, I have taken the time to state the progress and development of United Nations International Children's Emergency Fund.

FOREIGN WASTE OF AMERICAN MONEY

Mr. RANKIN. Mr. Speaker, I shall be compelled to vote against this conference report.

I have protested from the beginning against financing the rest of the world out of the pockets of the overburdened taxpayers of the United States.

We are told that since July 4, 1946, the United States has poured \$1,500,000,000 into the Philippine Islands.

At this point I am inserting an article which appears in the June issue of the Reader's Digest, showing the corruption that prevails in the Philippines, which may be a sample of what is being done

with the so-called Marshall plan money taken from the taxpayers of the United States, and given to certain leaders in various countries throughout the world.

The article referred to follows:

ARE THE PHILIPPINES GOING THE WAY OF CHINA?

(By Blake Clark)

The Philippines today are a China in embryo. The downfall of the Chinese Nationalist started with a corrupt government. Many high officials of President Quirino's Philippine administration are not only astonishingly dishonest—they even admit it. Mao Tse-tung's Red army in China began as a small but well-organized band aided by disillusioned farmers and villagers. Luis Taruc's efficiently trained, Communist-led Filipino Huk are even now holding their own against the Philippine constabulary. Some people believe that but for their fear of United States intervention the Huk would attempt to take over the country.

Many unprincipled officials fatten off the impoverished people of the Far East, but none do so with such grace and good humor as the Filipino politician. "We're not angels," confesses former Senate President José Avelino with engaging frankness. "What are we in power for?"

Before assuming his seat in the Senate in 1946, Avelino had a bank account of \$3,000. By April 1948 he had deposited \$500,000. He gained a portion of this from the sale of United States Army surplus beer, ignoring the prohibition against a member of the government participating in such deals. Suspended from the Senate for this act, he brazenly ran for President of the Republic. Rejected overwhelmingly by the people, he was "forgiven" by President Quirino in a deal for political support and became again presiding officer of the highest lawmaking body in the land.

"Let's rehabilitate the country," exclaimed a politician when the United States turned over surplus property to the Philippine Government, "but let's first rehabilitate ourselves!" Officials allowed friends to negotiate contracts at low figures instead of competing with other bidders. They declared caterpillars, bulldozers and other valuable heavy equipment scrap and knocked it down to favorites by the ton. Despite former President Roxas' order that no agricultural equipment leave the country, ships piled deck-high with tractors pulled out of Manila Bay for China and Argentina.

Base superintendents, inspectors, and other employees pilfered stock piles. A buyer of hospital supplies would contract for a crate of gauze and, with the help of a conniving inspector, cart away a crate of surgical instruments. Probably as much scrap steel and spare parts went over the fence as were sold through the proper channels. In other parts of the world where the Foreign Liquidation Commission sold surplus, the total return was 19 percent of procurement cost. In the Philippines it was 4 percent. Had they realized the full 19 percent, the islands would have been \$175,000,000 richer.

Peso millionaires sprouted everywhere. Base superintendents bought movie theaters; society matrons built half-million-dollar apartment houses; businessmen salted away their take in enormous insurance policies; and officials' mothers-in-law, hitherto unsuspected of affluence, acquired some of the finest office buildings in the city. The city council demanded a member's take of 2 percent of the cost of new construction. In some cases running into thousands of dollars, before granting a building permit.

For corrupt politicians the new immigration quota offered a golden chance. The Philippine Government had limited the number of Chinese streaming into the islands to 500 per year. Speaker of the House

Eugenio Perez secretly distributed the lion's share of the entrance permits among the representatives; Senate President Avelino supervised the allocation in his chamber after keeping some 40 to sell himself.

Wealthy Chinese desperate to escape from Communist China paid handsome sums to get their names on these lists. The usual price was \$1,500; some came higher. When Senator Lorenzo Tañada exposed this racket, he declared that of the nation's 24 Senators only seven were not accepting their share of the spoils.

An astonishing fraud developed in the official purchase of everyday articles. Francisco Martinez, treasurer of Quirino's Liberal Party in Leyte, was also treasurer of the province. In two years he bought from two favored Manila firms more than \$1,387,500 worth of school supplies at exorbitant prices. He acquired enough carbon paper to last the province 152 years—at 54 cents instead of 4 cents a sheet. He laid in a 57-year supply of stencils at \$7.35 a quire when he could have bought them for \$1.75. He paid \$13.50 instead of 65 cents each for 10,000 small mattocks for school gardening. Office supplies overflowed the Leyte capitol store-room and filled a large Quonset hut bought specially to contain them.

The auditor general investigated and recommended Martinez' dismissal. Criminal prosecution was scheduled to follow, but Martinez is still treasurer of the Province and of Leyte's Liberal Party. The newspaper reporter who first uncovered the facts found that the same type of buying is going on in a number of other provinces.

Underpaid petty officials embarked upon a practice of accepting bribes which short circuits the collection of millions of governmental dollars each year. I went to the post office with a resident friend to pick up a parcel. "Forget the 10-peso duty," said the clerk. "Give me something to buy cigarettes." The week before, a customs director advised a jeweler importing a large shipment of watches to revise his invoices and declare the total value to be one-fourth of what he had indicated. The merchant did so, split his savings in duty with the official and kept \$6,000 from the government.

A systematized network of collusion and graft among revenue collectors is costing the government 75 percent of all collectible taxes. According to Secretary of Finance Pio Pedrosa, appraisers, secret-service operatives, harbor police, and customs and treasury agents work hand-in-glove with tax evaders and smugglers. They pool and divide their cut in set proportions.

An auditor who has examined the books of hundreds of Chinese businessmen, some of whom had inventories listing goods worth more than a million dollars, told me that not one of them had paid income tax exceeding \$500. Law enforcement is so lax generally that they have no respect for the law whatsoever—and the Chinese control most of the retail trade in the Philippines. Secretary Pedrosa himself says that he does not know of a single tax evader who has ever gone to prison.

If bribery and corruption were stamped out, the government could balance its budget. As it is, Secretary Pedrosa expects a deficit of more than \$45,000,000 this coming fiscal year. Others believe it will at least double that figure.

Receiving little income, the Philippine Government cannot pay its employees a living wage. It is almost too much to expect a customs official or tax collector receiving \$75 a month to turn down a \$250 bribe. And there was plenty of cash—since July 4, 1946, the United States has poured a billion and a half dollars into the islands.

To stop the flight of capital from the islands, the government last December installed exchange controls, and the black market in dollars was on. The United States dollar soon brought three pesos instead of the

legal two. Ready convertibility at the authorized rate is gone, perhaps forever. With a corrupt government, the next move is to grant special exchange permits to favorites who will convert their currency at the legal rate and send the dollars out of the country. After that comes the printing press, and you are on China's inflation road.

Five hundred thousand firearms are loose in the islands today, almost all of them in irresponsible hands. Even college boys, legislators, bankers, and churchgoers tote .45's and .38's like professional killers. Signs in Manila hotels, night clubs, and the halls of Congress invite guests to "Check Firearms." Approximately one man in ten carries a gun in this city, the center of Philippine civilization.

You take your life in your hands when you travel along many public roads. Women are not allowed to traverse the 45 miles from Clark Field to Manila alone; their jeeps travel in threes, the first one armed. Marsman Construction Co., afraid to risk the danger of ambush, flies its payroll to four camps in different parts of the islands. The murder of Mrs. Quezon and others of her party on the highway, the slaying of two young Americans on their own farm and of two professors hiking in a region only 40 miles from the summer capital of Baguio were headlined in America. Manila newspapers give details of similar murders virtually every week.

Many law-abiding citizens are more terrified of the Philippine Constabulary and Civilian Guards than of the outlaws. Underpaid, frequently demoralized, these trigger-happy units have been known, upon hearing of a few dissidents in a village, to set up artillery 300 yards away and wipe out the entire community. More than 50 farmers having a dance one night in the province of Laguna on Luzon were suspected by PCs of being Huks. The soldiers lined up the civilians in the yard and mowed them down by rifle and carbine fire in a horrible wholesale killing. Only two men escaped to tell the story of the massacre.

To be economically healthy and politically stable, a country must afford its people a chance to make a decent living. Ninety percent of the working Filipinos are not paid a subsistence wage. The maximum average pay for skilled workers in Manila is \$3.85 a day, for unskilled \$2.25. Outside the city the upper limit averages are \$1.67 and 98 cents. People simply cannot exist on such meager incomes. Eggs are nearly 75 cents a dozen, shoes \$7.50 to \$25 a pair, fresh milk 40 cents a quart. A day's supply of rice costs about 60 cents.

The trim little Filipina stenographer in her starched dress and the shoe clerk in his clean white shirt pay half a day's wages for a restaurant lunch. They go home at night to a rude one-room shanty of discarded boards and corrugated tin, into which families of six are frequently crowded. Less fortunate Manilans live in thatched nipa-palm huts in the suburbs or in the hovels of the North Harbor, amid the stench of backed-up sewage and uncollected garbage. Manila is not a large city with slums—it is a large slum in which is set a small jeweled city.

Employer-labor relations are bad. In sharp contrast to the meager wages for native workers, the average American senior business staff member in the Philippines draws \$950 a month, the junior \$750. One workman said of his boss: "He thinks if he eats ham and we do too, it spoils the meat." And, significantly, a guard remarked of an employer he liked: "He can go safely anywhere on the place—even at night."

A group of construction men recently confronted a firm with a long list of demands, including a 30 percent increase in salary, hospitalization, sick leave, vacation pay, and coffee time. The company representative

settled them all with the union leader for \$100, and the workmen got nothing which they had not received before.

The notorious Filipino Stevedore Workers' Union is laying the entire waterfront wide open to Communist control. It uses the capataz system—the employer does not pay the individual workmen but the union leaders. Taking their cut, they hand the wages to captains who help themselves to their share and distribute the rest to the members of their crew. As there are 40,000 men who actually carry cargo, with about 10,000 employed every day, each is closely dependent upon his captain for his job and does not protest any abuses. The captain is just as dependent upon the union leaders. Armed men stand constantly ready to suppress any attempt to break this stranglehold.

Unloading gangs are paid for as if they comprised 13 men, but normally contain only 10. The shipper, and eventually the buyer, pays wages to the union for men who were not there. Considering that some 800 working gangs throng the docks each day, the opportunity for graft is astounding. One impartial waterfront observer estimates that each unit has an average of three men missing, a total of 2,400 men a day. Multiplied by \$3.30, the daily wage, this is \$7,920 a day in funds that have no place to go except into labor leaders' pockets.

The 40,000 stevedores are fed up with this system, but each individually is helpless. They have no one to turn to but the Communists. Already you hear workers on the waterfront say, "Maybe Taruc is right." With the support of these thousands of discontented laborers, the Communists could gain control of a strategic Far Eastern waterfront.

Tired of corruption and starvation wages, many Filipinos eagerly anticipated the 1949 elections as a peaceful means of getting honest government. But on Negros island, for instance, when friends attempted to campaign for a candidate noted for distinctive public service, special police assaulted and clubbed them, driving them away with smashed faces, bleeding noses and broken heads. The guardians of the law then installed themselves in several candidates' homes, preventing them from campaigning; they confined others in hotel rooms.

Quirino's party, meanwhile, refined the process of collection until campaign money poured in like cane-sugar syrup. When a businessman from whom they solicited \$5,000 protested that he did not have such a sum, they told him to borrow from the Philippine National Bank. When he said he could never repay it, he was told, "You won't have to. The bank will cancel it as a bad debt." Some three and a half million dollars of government money was thus chuted into party coffers.

Every device known to fraudulent elections was used on November 8. Filipinos sadly wisecracked that even the birds and the bees voted in some precincts. In others, ballots were counted on the night before election. The returns from some municipalities exceeded the 1948 population. Citizens in Batangas, not far from Manila, went to the polls that morning to learn that during the night the mayor had transferred their names to the voting lists of distant precincts, some a day's journey away. The people were so enraged that some of them rushed the mayor, killing him in the melee. They were joined in an armed insurrection by hundreds of men led by prominent residents, including municipal council members. In 2 weeks of fighting, these rebels did away with 62 members of the Philippine constabulary.

With the deterioration of Quirino's administration, some people are already turning to the Huks, the Red army of the Philippines. Former guerrilla fighters, they were organized during the Japanese occupation by Dr.

Vicente Lava, who held a doctor of philosophy degree from Columbia University and was chief of the Communist Party of the Philippines until his death in 1947. A confessed Communist, wiry, 35-year-old Luis Taruc, the present leader, was his military commander. They started among the discontented population of Pampanga Province, where 2 percent of the people own 98 percent of the land. As Huk influence spread, the Roxas government suggested it might help the situation if landlords were to give tenant farmers a more equitable portion of the rice harvest, but did nothing to implement the proposal.

Today the Huks, who now call themselves the "People's Army of Liberation," are governed by a presidium of 16, selected by a central committee of some 300 representatives from all provinces. It is estimated that they have 10,000 trained men under arms, with large potential reserves.

Many are experts with Browning automatics, Thompson sub-machine-guns, and automatic carbines. They buy new machine guns complete with tripods for \$15, spirited, it is believed, from Clark Field and the Philippine Army barracks.

In each province where they are organized, the Huks have indoctrination schools complete with books and supplies where tenant farmers learn to read, write, and grow better crops. Experts instruct special groups of young men in politics, economics, and tactics of guerrilla warfare. As in the early days of the Communists in China, propaganda teams slip from area to area, lecturing and putting on plays dramatizing the conflict of landlord and peasant.

Rugged days of living on inferior rice and dog-meat stew are just about over for the Huks. More and more unresisting farmers hand over a part of their crops, while proprietors of small businesses, merchants, and a few prosperous Chinese contribute to the cause. Huk morale was never higher. They are convinced that in the long fight they will win.

A few pegs remain on which to hang some hope. In this predominantly Catholic country, the Church belatedly is waking up; a fighting apostolic delegate archbishop and a corps of well-trained fathers are working hard to improve the lot of the Filipinos. One pugnacious father, who looks like a caskoed all-American fullback, says, "Give us another year and we'll be in position for the battle."

Under the watchful eyes of Americans who check the expenditure of United States funds spent for rehabilitation, Filipinos are remaking the face of Manila, having built more than \$138,000,000 worth of roads, bridges, harbors, schools, and other public buildings without a single scandal. If technical aid can continue in this pattern, the strengthened economy of this potentially rich nation will be more resistant to the ravages of political termites. And the Philippines are producing more lumber, rice, and coconuts than before the war.

Furthermore, substantial numbers of Philippine Government officials and employees are honest; many are fervently patriotic and want good government with all their hearts. So does most of the public.

Whether the Philippine Republic will stand or fall rests primarily with Quirino. His chief duty, in which Chiang failed in China, is to stamp out corruption in the government. He has already removed a number of corrupt officials and promises further ousters in a drive for clean government. Quirino can still install adequately paid, trustworthy administrators to collect the revenue, help farmers and businessmen increase production and guarantee a fair distribution of profits. If he does not, we may wake up one morning to find that we have put all our far eastern eggs into another China basket.

Mr. Speaker, after reading this article and realizing that a similar condition

prevails in a large number of other countries that have been receiving this Marshall plan money taken out of the pockets of the American taxpayers, I must decline to vote for this conference report to send billions of dollars of the American taxpayers' money to foreign countries, when our country already owes more money than all the rest of the nations of the earth combined.

Mr. REES. Mr. Speaker, when this legislation was considered on the floor of the House several weeks ago, I had hoped that it could be reduced in a sufficient amount so that I could go along and support it. I regret that this authorization, amounting to approximately \$3,000,000,000, is too much.

We must realize that this authorization is in addition to approximately \$10,000,000,000 already expended under the so-called Marshall plan. It is in addition to \$33,000,000,000 our country has expended overseas since the close of hostilities. I am not on this occasion criticizing the past expenditures under the Marshall plan. I know, too, a great deal of good has been accomplished in the rehabilitation of war-ravaged countries by reason of that expenditure.

I would like to say further that if it is shown there is need of funds to buy food or clothing or medical supplies for people who are suffering, I would greatly support such legislation.

When this legislation was under consideration a few weeks ago, I called attention to the fact that the billions of dollars in this bill are not authorized except in general terms. It was suggested by some Members of the House that one-third of the fund might go for agricultural products, including \$200,000,000 for tobacco. I do not know why the people of this country should use \$200,000,000 to pay for tobacco to be sent to foreign countries.

A tremendous amount of this money goes for heavy machinery and various kinds of equipment for building plants and reservoirs in those countries. It goes only, of course, to countries that are included in the program.

Here is a thing that does not seem very reasonable to me. I am informed that only recently it has been agreed that oil-drilling equipment and machinery costing \$1,500,000 is presently being shipped to one of the European countries so that that country can get into oil production faster than at the present time.

I do not think it is right either that American taxpayers' money should be used for the rehabilitation of the pleasure resorts of Europe, including the Riviera. I realize that is a small part of this fund, but the principle of the thing is bad.

It should be understood that the funds under this authorization are handed to the governments of the countries who participate and then the governments buy the products and goods with these funds and then sell to their own citizens at a market price. The foreign countries put the money in the so-called counterpart funds. I am advised the foreign countries under this legislation have at the present time \$2,500,000,000 of counterpart funds in their possession.

So you have this amount of \$3,500,000,000 allocating today together with the \$2,500,000,000 already in their possession of ECA funds, being a total of \$6,000,000,000 for foreign assistance. Incidentally, members of this great committee have told us in the last few days crop production in countries being assisted under this legislation was greater last year than any year prior to the war. They also say production is almost on par with other years. Let me say again, very little of this assistance goes to help starving people of the world. Those people do not get much out of this program.

Let me repeat, I would not have objection to the expenditure of funds that go direct to the relief of needy people, but we also have needy people in America. You might think of that, too.

Mr. Speaker, \$3,500,000,000 is a tremendous amount of money to be expended under policies laid down by the officials in the State Department. Of course, you have a different agency, but it will be required to operate in conjunction with the Department of State. Strange no one seems to be willing to consider loaning, instead of giving, part of the funds used for permanent improvements in those countries.

As I suggested when this matter was under consideration before, no one would object to this expenditure if he thought it would help prevent another world catastrophe. We have spent billions in doing that, and if necessary, of course, we will do it again. It should be noted, too, that we have just recently spent a billion dollars to help rearm the people of Europe. It has also been suggested that this authorization will help prevent the spread of communism abroad. If it would stop communism, of course, we would spend the money, but there are so many places where communism is spreading, besides the countries under this program.

I hope I will not be misunderstood. If this authorization were cut to a place of actual need, then I would go along and support it, but I just do not believe the people of America are warranted in authorizing the expenditure of this terrific amount of money, especially in view of the condition of our own Treasury.

I wonder if we realize that our country has a greater debt obligation than all of the other countries in the world combined.

Mr. KEE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MARCANTONIO. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 248, nays 88, not voting 96, as follows:

[Roll No. 172]

YEAS—248

Abbott	Gordon	Morgan
Addonizio	Gore	Morton
Albert	Gorski	Moulder
Andrews	Gossett	Multer
Angell	Granahan	Murdock
Arends	Granger	Murphy
Aspinall	Grant	Murray, Tenn.
Auchincloss	Green	Noland
Bailey	Gregory	Norblad
Baring	Hale	Norrell
Barrett, Pa.	Hall	Norton
Bates, Ky.	Leonard W.	O'Brien, Ill.
Bates, Mass.	Halleck	O'Brien, Mich.
Battle	Hardy	O'Hara, Ill.
Beall	Harris	O'Neill
Beckworth	Harrison	O'Sullivan
Biemiller	Hart	O'Toole
Blackney	Harvey	Pace
Blatnik	Havenner	Patman
Boggs, Del.	Hays, Ark.	Patten
Bolton, Md.	Hays, Ohio	Patterson
Bolton, Ohio	Hedrick	Perkins
Bosone	Heller	Peterson
Breen	Herlong	Pfeifer
Brown, Ga.	Herter	Joseph L.
Bryson	Heseltun	Philbin
Buckley, Ill.	Hill	Poage
Burke	Hinshaw	Polk
Burleson	Hobbs	Preston
Burnside	Holmes	Price
Burton	Hope	Priest
Camp	Horan	Rains
Canfield	Howell	Ramsay
Cannon	Huber	Redden
Carnahan	Jackson, Wash.	Regan
Carroll	Jacobs	Rhodes
Case, N. J.	Javits	Ribicoff
Cavalcante	Johnson	Richards
Celler	Jones, Ala.	Riehlman
Chelf	Jones, Mo.	Robeson, Jr.
Chesney	Karsten	Rodino
Christopher	Kearns	Rogers, Fla.
Chudoff	Keating	Rogers, Mass.
Clemente	Kee	Rooney
Cole, Kans.	Kelley, Pa.	Roosevelt
Cole, N. Y.	Kelly, N. Y.	Sadlak
Colmer	Kennedy	Sasser
Combs	Keogh	Saylor
Cooper	Kerr	Scott, Hardie
Corbett	Kilburn	Smith, Va.
Cotton	Kilday	Spence
Coudert	King	Staggers
Cox	Kirwan	Stanley
Crook	Klein	Steed
Crosser	Kruse	Sullivan
Cunningham	Lane	Tauriello
Dague	Lanham	Taylor
Davenport	Latham	Teague
Davies, N. Y.	LeFevre	Thomas
Davis, Ga.	Lesinski	Thompson
Delaney	Lind	Thornberry
Denton	Linehan	Tollefson
Dollinger	Lodge	Trimble
Donohue	Lucas	Underwood
Doughton	Lyle	Van Zandt
Eaton	Lynch	Vinson
Eberharter	McCarthy	Vorys
Elliott	McCormack	Vursell
Elston	McGrath	Wadsworth
Evins	McGuire	Wagner
Fallon	McMillan, S. C.	Walsh
Feighan	McSweeney	Walter
Fisher	Mack, Ill.	Whittington
Flood	Mack, Wash.	Wier
Fogarty	Madden	Wigglesworth
Forand	Mansfield	Wilson, Okla.
Ford	Marsalis	Wilson, Tex.
Frazier	Marshall	Wolverton
Fulton	Martin, Mass.	Woodhouse
Furcolo	Morrow	Yates
Gamble	Michener	Young
Garmatz	Miller, Md.	Zablocki
Gathings	Mills	
Goodwin	Mitchell	

NAYS—88

Abernethy	Brehm	Fellows
Andersen	Brown, Ohio	Fenton
H. Carl	Byrnes, Wis.	Gavin
Andresen	Chipfield	Gillette
August H.	Clevenger	Golden
Barden	Curtis	Graham
Barrett, Wyo.	Davis, Wis.	Gross
Bennett, Fla.	D'Ewart	Guill
Bennett, Mich.	Dondro	Hagen
Bishop	Ellsworth	Harden

Hoeven	Murray, Wis.	Simpson, Pa.
Hoffman, Mich.	Nelson	Smith, Kans.
Hull	O'Hara, Minn.	Smith, Wis.
James	O'Konski	Stefan
Jenison	Passman	Stockman
Jenkins	Phillips, Calif.	Taber
Jennings	Phillips, Tenn.	Tackett
Jensen	Potter	Talle
Jonas	Powell	Towe
Kunkel	Rankin	Velde
Lemke	Reed, Ill.	Weichel
Lovre	Reed, N. Y.	Werdel
McCulloch	Rees	White, Idaho
McGregor	Rich	Whitten
Macy	Sanborn	Williams
Marcantonio	Scrivner	Wilson, Ind.
Mason	Shafer	Winstead
Meyer	Short	Withrow
Miller, Nebr.	Sikes	Wolcott
Morris	Simpson, Ill.	Woodruff

NOT VOTING—96

Allen, Calif.	Fugate	Morrison
Allen, Ill.	Gary	Nicholson
Allen, La.	Gilmer	Nixon
Anderson, Calif.	Gwinn	Pfeiffer,
Bentsen	Hall,	William L.
Boggs, La.	Edwin Arthur	Pickett
Bolling	Hand	Plumley
Bonner	Hare	Poulson
Boykin	Hébert	Quinn
Bramblett	Heffernan	Rabaut
Brooks	Hoffman, Ill.	Rivers
Buchanan	Hollifield	Sabath
Buckley, N. Y.	Irving	Sadowski
Bulwinkle	Jackson, Calif.	St. George
Burdick	Jones, N. C.	Scott,
Byrne, N. Y.	Judd	Hugh D., Jr.
Carlyle	Karst	Scudder
Case, S. Dak.	Kean	Secrest
Chatham	Kearney	Shelley
Cooley	Keefe	Sheppard
Crawford	Larcade	Sims
Davis, Tenn.	LeCompte	Smathers
Dawson	Lichtenwalter	Smith, Ohio
Deane	McConnell	Stigler
DeGraffenried	McDonough	Sutton
Dingell	McKinnon	Welch
Dolliver	McMillen, Ill.	Wheeler
Douglas	Magee	Whitaker
Doyle	Mahon	White, Calif.
Durham	Martin, Iowa	Wickersham
Engel, Mich.	Miles	Widnall
Engle, Calif.	Miller, Calif.	Willis
Fernandez	Monroney	Wood

So the conference report was agreed to. The Clerk announced the following pairs:

On this vote:

Mr. Byrne of New York for, with Mr. Nicholson against.
Mr. William L. Pfeiffer for, with Mr. Hand against.
Mr. Judd for, with Mr. Crawford against.
Mr. Kean for, with Mr. Hoffman of Illinois against.
Mr. Hébert for, with Mr. Secrest against.
Mr. Gary for, with Mr. Sadowski against.
Mr. Bolling for, with Mr. Larcade against.
Mr. Deane for, with Mr. Sutton against.
Mr. Welch for, with Mr. White of California against.
Mr. Buchanan for, with Mr. Wheeler against.

Until further notice:

Mr. Bentsen with Mr. Allen of Illinois.
Mr. Whitaker with Mr. Kearney.
Mr. Karst with Mrs. St. George.
Mr. Irving with Mr. Martin of Iowa.
Mr. Hollifield with Mr. Engel of Michigan.
Mr. Sims with Mr. Burdick.
Mr. Rabaut with Mr. Anderson of California.
Mr. Stigler with Mr. LeCompte.
Mr. Gilmer with Mr. McConnell.
Mr. Cooley with Mr. McDonough.
Mr. Morrison with Mr. Dolliver.
Mr. Wickersham with Mr. Allen of California.
Mr. Wood with Mr. Hugh D. Scott, Jr.
Mr. Miller of California with Mr. Poulson.
Mr. Magee with Mr. Nixon.
Mr. Hare with Mr. Gwinn.
Mr. Pickett with Mr. Edwin Arthur Hall.

Mr. Dingell with Mr. Jackson of California.
Mrs. Douglas with Mr. Scudder.
Mr. Doyle with Mr. Keefe.
Mr. Durham with Mr. Case of New Jersey.
Mr. Engle of California with Mr. Bramblett.
Mr. McKinnon with Mr. Plumley.
Mr. Chatham with Mr. McMillen of Illinois.
Mr. Boggs of Louisiana with Mr. Smith of Ohio.

Mr. Fugate with Mr. Widnall.

Mr. BENNETT of Florida changed his vote from "yea" to "nay."

Mr. PATTERSON changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

Mr. KEE. Mr. Speaker, I ask unanimous consent that any Members caring to do so may extend their remarks on the conference report just agreed to at a point just prior to the vote.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

SPECIAL ORDER GRANTED

Mr. BRYSON asked and was given permission to address the House for 15 minutes today following the legislative program and any special orders heretofore entered.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 6329. An act for the relief of Betsy Sullivan; and

H. R. 8199. An act to amend certain provisions of the act of May 25, 1948 (Public Law 554, 80th Cong.), relating to the Flat-head Indian irrigation project.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H. J. Res. 476. Joint resolution making temporary appropriations for the fiscal year 1950, and for other purposes.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKELLAR, Mr. HAYDEN, Mr. RUSSELL, Mr. BRIDGES, and Mr. FERGUSON to be the conferees on the part of the Senate.

COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may have until midnight tonight to file a report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1951

Mr. BATES of Kentucky. Mr. Speaker, I move that the House resolve itself into

the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8568) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1951, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate continue not to exceed 1 hour, the time to be equally divided and controlled by the gentleman from Oregon [Mr. STOCKMAN] and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 8568, with Mr. KEOGH in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. BATES of Kentucky. Mr. Chairman, before I discuss the appropriations contained in the bill before you I want to say a few words about the membership of this subcommittee. The two gentlemen on the majority side [Mr. YATES and Mr. FURCOLO] are serving their first terms in Congress. If their political success in the future is to be in any manner commensurate with the ability they have shown on this subcommittee, then I am certain that they both shall have long and successful careers in public service. I would indeed be remiss in my duties if I did not mention the outstanding contributions of our late colleague from Illinois, Ralph Church, who served as the ranking minority member in the preparation of this bill. As for the other member of this subcommittee, my genial friend from Oregon, LOWELL STOCKMAN, enough good things cannot be said about his spirit of cooperation which together with his grasp and knowledge of the affairs of the District of Columbia have made him an invaluable member, not only of the subcommittee but of this House.

The clerk of the subcommittee, Mr. Frank Sanders, is perhaps due more credit for the bill before you than any member of the subcommittee. He has given long hours to this work and has done it in a very capable and efficient manner. The entire subcommittee joins me in saying we cannot sing praises too high.

The bill before you was adopted in the subcommittee without a dissenting voice. It is a good bill, and, I am happy to report, well within the anticipated revenues of the District of Columbia. You will find the report of the committee accompanying the bill to be completely explanatory of the committee's action on the budget estimates for the District. These estimates were in the amount of \$119,167,175. The bill contains appropriations in the amount of \$112,840,340, a reduction of \$6,326,835. I reiterate the

statement found in the second paragraph of the report that the funds contained in this bill are not a charge against the Federal Government but are appropriated from the revenues of the District of Columbia. The amount recommended is an increase of \$9,721,268 over the appropriations to date for 1950. Of this amount, \$4,000,000 is for so-called mandatory increases such as pay increases, retirement and disability payments and the like. The remainder is made up of an increase in the capital outlay program and increases in personal services and necessary supplies and equipment which will result in the rendition of much-needed and more adequate public services to the citizens of the District.

I would like to call your attention in particular to several items in this bill.

Primarily, the greatest need of the District at the present time is a realistic and adequate capital outlay program to provide improvements, particularly in the public welfare institutions and the public schools. In past years the fiscal affairs of the District have made this impossible. In this bill the problem has been approached for the first time in a realistic manner. There is contained in this bill almost \$14,000,000 in capital improvements, plus over \$7,000,000 in contract authorization, an increase of approximately 90 percent from the 1950 appropriations and authorizations. The outstanding item in this program is the beginning of the modernization of the facilities now available at the Home for the Aged and Infirm, including extensive renovations in the hospital section. This has been a primary need of the District for some time, and it is with a great deal of pleasure that I mention the start of this program. Appropriations for construction of or additions to 13 schools are contained herein in the amount of \$4,646,000. Other outstanding capital improvements provided for in the bill, particularly in the Street and Bridge Division, the Sewer System, the Water System, as well as in all agencies, are set forth in the tabulation at the end of the report. This capital outlay program must be maintained, particularly in the general fund agencies at a commensurate rate in the fiscal year 1952. To do otherwise would be detrimental to the welfare and the interests of the citizens of the District. To accomplish this, reductions of a substantial nature had to be made in the budget estimates. These facts are set forth in some detail on page 2 of the committee's report and I shall not go into the matter further at this time. These reductions in the amount of \$3,913,435 in the general fund have been accomplished by holding down increases for personal services, supplies and materials, and equipment to the minimum amount necessary to render efficient and adequate services to the residents of the District. Reductions have been made also in the capital outlay program as submitted in the budget on the basis of decreasing construction costs on public buildings and by a careful reexamination of the entire program in view of the over-all needs of the District.

One of the perennial bones of contention in this bill is the appropriation for operation of the public schools system. It is my personal belief that the system here in the District is one of the best in the Nation. I am certain that under the able guidance of the present president of the Board of Education and with the cooperation of this Congress, and in particular with the Appropriations Committee, it will in a few years be second to none. I wish that it were possible to appropriate funds for every school building and school need that was presented to us by the many public-spirited citizens' groups of this city. The fiscal resources of the District make this impossible. Even if these fiscal resources were available, good management and experiences in the past tell us to measure every dollar spent for public schools so that it might be spent where it would be beneficial to the greatest number of people, I believe that we have done this.

In addition to the capital outlay program for the public schools which I have previously mentioned, the committee has also recommended increases in the number of new teachers for divisions X through XIII. The funds contained herein will show the employment of 88 new teachers in this division and provides for the maximum use of existing school facilities and equipment without the necessity of part-time instruction. In addition to this the bill includes positions for 14 clerk-stenographers in the elementary schools, the beginning of a program to provide much-needed clerical and stenographic help for the overburdened elementary school principals.

For many years the athletic program in the high schools of the District have not been on a level with the other activities and sufficient emphasis has not been given this vital portion of the educational system. For the first time in history, there is contained in this bill money for the purchase of athletic equipment for the 14 senior high schools. In addition to this, the committee has directed the superintendent of schools to make a thorough study of the athletic program in the public schools and to file a report and recommendations with the committee upon the completion of this study on or before January 1, 1951. I sincerely hope that previous studies made by Dr. Strayer and to some extent by the committee staff, together with this report, will result in the committee being able to establish a definite and much-needed athletic program in the public schools of the District in the next fiscal year.

In the Police Department, the committee has allowed the addition of 30 new men to the uniformed force of the Department. The Superintendent of Police testified that he would be able to secure these men under the existing civil-service regulations and it is the committee's sincere desire that the police force be built up as rapidly as possible to the size needed for the proper enforcement of law in the District of Columbia.

The committee is quite concerned with the high and increasing cost of the courts in the District of Columbia. Substantial reductions have been effected in

the budget estimates for the operation of these courts, and the committee has also directed the Commissioners and the chief judges of the three District courts to make a thorough study of the various courts and their expenditures with an idea of effecting substantial savings in the budget estimates for the fiscal year 1952.

The committee has appropriated \$10,416,075 for the Health Department, including Gallinger Hospital and Glenn Dale Sanatorium. This amount will allow for a dental fluorine program for the public and parochial schools and for more adequate nursing services at the Glenn Dale Sanatorium. One of the outstanding needs in the public health field in the District in the years past has been the need for a study into the causes of maternal and infant death and disabilities. One of the new positions contained in this appropriation is for the employment of an expert in obstetrical practices and pediatrics to work with the hospitals and with the medical profession to attempt in some manner to remove these causes of deaths and disabilities. The appropriation for Gallinger Municipal Hospital has been increased \$730,100 over the 1950 amount. This will allow the start of a program to modernize this hospital and provides funds to correct present outstanding deficiencies, particularly in the X-ray service and in the various treatment services of the hospital. An entire new staff is provided for the new crippled children's and pediatrics laboratory which has just opened.

Mr. Chairman, the time has arrived when thorough study and consideration should be given to plans for the care of the indigent sick in the District of Columbia. Primary concern must be in providing the proper medical care required within the funds available and according to the needs of the people involved. This is not to provide a subsidy for the private hospitals or to allow them to enlarge their programs. It is to provide the people of the District with a medical-care program which is commensurate with their needs. The committee and its staff has given considerable study and thought to this situation. In the committee report accompanying this bill they have directed the health officer and the Commissioners to make a thorough study of the program for the care of the indigent sick. Already we have taken steps to bring about a more realistic and efficient service. Funds are contained in this bill for the operation of the Gales School clinic, and plans are now under way for the expansion of this clinic. A new and enlarged home-care program has already been installed, and its growth is continuing. Even now plans are being formulated for the establishment of an out-patient service at Gallinger Municipal Hospital. The clinics at Gales School and at Gallinger can be operated much cheaper and at the same time render more adequate service than the clinics at the private hospitals. It is conservatively estimated that the operation of these clinics alone will enable these two centers to absorb approximately 88,000 clinic visits. At the prevailing contract rate of \$2 per visit, this

represents a savings in this appropriation of \$176,000 in out-patient service alone. This figure does not include the in-patient days, which will naturally be cut down as a result of this increased clinical service and the home-care program.

I am firmly convinced that if the Health Department would exercise a firmer control over the medical-care program they would be able to eliminate a goodly number of the patients now being sent to contract hospitals by sending them to Gallinger. For example, continuity of care is of vital importance to successful medical treatment. Many of the patients making clinic visits require more than one treatment and over a period of time a goodly number of them are found to require in-patient care. Whenever such a situation arises a hospital believes that the patient whose case they have handled should be furnished in-patient care by the same hospital, and not referred elsewhere. Now this continuity of care is desirable, but frequently the District has better facilities available for the treatment of particular types of cases at other hospitals. It would be advantageous to the District both financially and medically to have the patient enter Gallinger or some other hospital better equipped to handle the case. It is not being done at the present time to the extent that is commensurate with good fiscal practices. There is no question but that a tightening of the controls by the Health Department would result in substantial savings to the District.

I am not at all convinced, as a matter of fact, that the District needs the services and facilities of all of the contract hospitals in their care of the indigent sick. Certainly there is a need for the specialized services of Children's Hospital, as we have pointed out in the committee report, but I cannot say the same for the other hospitals. Most certainly there is an outstanding duplication of facilities when we look at all of the hospitals. Geographically they are all more or less located in the same area of the city, some of them practically on top of Gallinger. I sincerely think that the Commissioners and health officer should give serious consideration to the establishment of contracts only with those hospitals whose geographical location and modern equipment and facilities would make them a welcome supplement to the facilities at Gallinger. This would certainly enable the Health Department to furnish clinical and medical care to all of the indigent sick in a more efficient manner. At the same time it would enable them to exercise more adequate supervision and direction over the program for the care of the medically indigent sick. The end result of this would certainly be that for which we are all striving, more public service at less expense to the taxpayers.

The committee has allowed the amount of \$16,978,100 for the operation of the Board of Public Welfare. This amount will allow an increase of \$115,000 in public-assistance grants, bringing it up to a level commensurate with the needs of the families involved. It will also allow for additional personnel in the

public-assistance division in order to provide more adequate services to the citizens of the District, both as a means of rendering a careful check on those receiving relief and by supplying money and supplies for the actual needs of the families involved.

I have already mentioned the capital-outlay program for the Department's Home for the Aged and Infirm. There are also contained funds for the modernization of the facilities at the various protective institutions and funds for the beginning of work at the new location for the Children's Center.

I would like to point out particularly the appropriation for the Street and Bridge Division of the Highway Department. The committee has recommended an appropriation of \$4,895,800 for this work as compared with the budget estimates of \$7,285,000. Some of this reduction has been made by the committee's announced policy in reference to increases in personnel, supplies, and materials and equipment. The chief reduction, however, is in the request of \$2,041,800 for the proposed bridge across the Anacostia River. The committee is completely in sympathy with the Commissioners' plan to construct this bridge at the East Capitol Street site. I think that the controversy between the National Capital Parks and Planning Commission and the officials of the District has been illogical and uncalled for and completely detrimental to the interests and the welfare of the citizens of Washington. The matter should have been settled long ago upon the recommendations of the Commissioners and without the necessity of legislation which has recently passed this House. The committee does not believe that any money should be appropriated for this structure until such time as the entire controversy is settled, and I for one shall sincerely oppose any appropriation for a bridge which is not commensurate with the present recommendations of the Commissioners of the District of Columbia to the National Capital Parks and Planning Commission.

This is the largest appropriation ever submitted for the government of the District of Columbia. In my opinion it provides for an adequate and efficient government for the operation of this city. The reductions will work no hardship on any of the agencies involved and at the same time it will enable this committee and the Commissioners to carry out in the future a program sorely needed by the citizens of Washington. I urge favorable consideration and adoption of this bill as it has been reported by the committee in order that this city, which is a foster home to many of us for a goodly portion of the year, might be provided with a capable and competent municipal government commensurate with the needs of the citizens of the District.

Mr. STOCKMAN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I wish first to pay my respects to the chairman and members of this subcommittee for the fine spirit of cooperation which they have shown all during the time we held hearings on the District budget. At no time during

our hearings was there any word of acrimony among the members. Our clerk certainly has spent unlimited hours in the study of the problems of the District and has been of inestimable help to the considerations and findings of the committee. I commend him most highly for his efforts.

Mr. Chairman, the statement just made by our chairman, together with the report of the committee, gives the Members a complete picture of the action and the recommendations of the committee with reference to the budget estimates for the District of Columbia for the next fiscal year. There are, however, several things I want to emphasize with reference to this bill and the manner in which it was formulated.

I would like to join with my distinguished chairman in the sentiments he has expressed with reference to this proposed budget and to the District government. Particularly do I want to emphasize his statement as regards the Metropolitan Police.

The funds contained herein will allow for the continued modernization of the police force. I, too, am convinced that Washington has one of the best police forces in the Nation. Among other things this bill provides for extra policemen, the conversion of the present police radio system to frequency modulation, the replacement of scout cars and other motorized equipment and for other vital and much-needed equipment and supplies. For example, one of the pressing needs of a detective bureau in a large metropolitan area is the necessity for rapid identification laboratory service. Appropriations contained in this bill will allow for a covered van to be purchased for the identification bureau. It will be equipped with cameras, lights, fingerprinting equipment, and any other necessary equipment for this type of service. This will enable laboratory work to be done at the actual scene of the crime or accident. It is indeed a step forward in the modernization of the police force and in the more rapid solutions of criminal problems.

This committee has collaborated with officials of the police department to the fullest extent consistent with good fiscal practices; in return we have received their complete cooperation. I sincerely believe that the continuation of this practice will in a very short time give the people of the District a police force which is second to none in this country.

Along this same line of thought, the committee has recommended funds in this bill for the installation of a 60-hour week for firemen. This, together with the increased amount of \$85,617 which the committee has allowed for the purchase of new apparatus, will, I believe, provide the residents of Washington with a modern, up-to-date fire department, equipped to ably protect their property and lives.

There are two departments of the city government which we often overlook in our consideration of fiscal affairs. I refer particularly to the sewer and water divisions. The bill contains the amount of \$3,857,650 for the operation of the

sewer division. I wish that it were possible to double this amount, for although Washington has an adequate sewer system, there is still much room for improvement. In the new sections of the city new sewers are needed. In the older sections of the city there is need for replacement of existing sewers, particularly of storm water sewers.

The fiscal situation of the District and the more pressing needs of some of the other agencies made it impossible for the committee to allow all of the money needed and requested for capital outlay for this vital work.

The committee is unanimous in their desire to inaugurate a proper capital outlay program as outlined in the committee report and by the chairman in his remarks a few moments ago. I solidly concur in the opinion we have reached that the primary capital outlay need exists in building up the public-school system and the public-welfare institutions. This will be done to a considerable extent by the appropriations contained in this bill for the fiscal year 1951. I sincerely hope that in the fiscal year 1952 the Commissioners will include in their budget estimates funds to begin a program to expand and modernize the sewer system of the District. I can assure them that my distinguished chairman and the members of the subcommittee will join with me in giving this matter our most careful consideration with the idea of providing the people of Washington with a renovated and modernized sewer system.

The budget requests, for both operating expenses and capital outlay requirements of the water system, have been approved in their entirety. Operating costs appear to be at the practicable minimum for the maintenance of satisfactory service after taking into account the many increases in costs incidental to the purification and distribution of water.

The recommended appropriation for capital outlay is less than would be justified by the crisis now confronting the water system; however, if expenditures must stay within available income, then there is no alternative.

I have used the word crisis and believe this deserves some explanation. In contrast, New York, for example, which is having a desperate experience, Washington is very fortunate. The present sources of New York's water are insufficient for its needs. Washington's water source, the Potomac River, can meet all the requirements which can be foreseen not only for the District of Columbia but the Metropolitan Area surrounding it. The difficult with which we are faced at this time is a growing insufficiency of facilities with which to collect the necessary water from the river, purify it, pump it, and distribute it to the constantly increasing multitude of users.

As an example, the conduits carrying the water from the river at Great Falls to the Dalecarlia Reservoir can bring in to the city only 215,000,000 gallons of water in a day. On two different days last summer the city consumption was more than 241,000,000 gallons and on many other days consumption exceeded the conduit capacity. These deficiencies

were made up by the use of temporary, improvised pumping facilities taking water from the Chesapeake and Ohio Canal. Similarly, the filter plants have a safe production capacity of 185,000,000 gallons daily and have been forced to the limit to produce in excess of 200,000,000 gallons daily for weeks at a time. The same strain now also applies to pumping facilities which are needed to force the water into the system after it is purified. When a water system is forced beyond its capacity time and again it will fail sooner or later. Worse still is the fact that the demand is continuing to grow each year and exceeds all past predictions.

Within the limit of water system earnings a program of capital additions has been in progress for several years. I am happy to say that this bill will provide the funds for the virtual completion of the Bryant Street Pumping Station which is one of the two main stations in the system and will permit a substantial start in the expansion of the Anacostia Pumping Station. This bill will also permit a beginning of the new pumping station at the Dalecarlia filtration plant. Many other costly facilities should be started right away because they will not be useful for 3 or 4 years from the present because it takes a long time to build them. But even so, we have done and are trying to do all we can to assist in this expansion as limited by the framework of existing law.

Mr. Chairman, this bill is a good bill. Fiscally it provides for a sound and capable city government. I am certain that the continued cooperation of the Commissioners and the other city officials with our subcommittee will result in a maximum amount of public service being rendered to the citizens of the District entirely commensurate with their needs. I urge the passage of this bill as it has been reported by this committee and without any amendment.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. STOCKMAN. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. WILSON].

Mr. WILSON of Indiana. Mr. Chairman, as the youngest member of this committee, I shall not presume to say too much in reference to this bill. I would like to say, however, that in the short time I have served on the Appropriations Committee, and especially on this particular subcommittee, I have learned to know and come to respect every member of the subcommittee very highly. I also appreciate and commend the professional staff of the subcommittee. May I congratulate the distinguished chairman of this subcommittee for his untiring efforts to bring out the true facts in connection with appropriations for the District of Columbia. I am more than pleased with his efforts to keep this appropriation trimmed down to a minimum, but a very, very fair minimum.

Mr. BATES of Kentucky. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. JACOBS].

Mr. JACOBS. Mr. Chairman, I am forced to be absent for 4 days, leav-

ing the floor before the vote on the District of Columbia appropriation bill.

I am therefore pairing against that bill. I realize it is a futile thing to do, inasmuch as the bill will undoubtedly pass.

Nevertheless I keenly feel that I cannot vote for this measure because the local property tax rate is only about 25 percent the rate in the district I have the honor to represent.

When the District of Columbia levies an equal tax rate (now 2¼ cents) upon its property, and has a comparable valuation on such property then I will if necessary support measures for Federal funds to supplement such funds for the District government.

I find that property valuations are about one-half the comparable valuations of market values as compared with Indianapolis, Ind., whereas the rate on that very low valuation is less than one-half that in Indianapolis.

True the Government owns much property here. But that fact also brings lush business to the Capital and enhances property values.

We have Federal property in Indianapolis also, but no such contributions from the Government.

I favor self-rule for the District of Columbia and also self-support commensurate with other sections of the country.

Therefore I oppose the appropriations provided in H. R. 8568.

Mr. STOCKMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Chairman, in considering the appropriations bill for the District of Columbia I feel that the committee may have overlooked a very important matter in the item for the municipal court. On page 23, line 13, the amount for that court is \$661,810. In looking over the record, I find that the committee has apparently inadvertently failed to provide funds for three secretaries for the three new judges which this bill provided for. The reason the three new judges are being employed is because the business of the municipal court has increased to such an extent that the 10 judges now employed are unable to handle all of the business. The business of this court has increased 10,000 cases a year for each of the past 5 years. It handled 150,000 cases last year, and the increase is so heavy that the Congress has decided three new judges are absolutely necessary. The 10 judges presently employed are supplied with both clerks and secretaries. The clerks are badly needed in the courtroom when the judges are sitting in their separate courts and the secretaries perform valuable work in the judge's chamber when the judge is on the bench. The 10 judges are unable to share their secretaries with the new judges and there is no pool of secretaries in that court. Therefore, the committee in making appropriations for these new judges apparently overlooked the fact that while they are providing funds for the three new judges and their three clerks, they did not provide funds for three secretaries. This court is taking in three times in funds as compared to its budget. The total cash collection

last year amounted to about \$1,300,000 with a budget of about \$600,000. I bring this to the attention of the committee in order that it may be given further consideration either in the other body or in conference.

Can the chairman enlighten the membership on why there is that discrimination against these three judges?

Mr. BATES of Kentucky. We suggested in the report, and the committee was unanimous on it, that these secretaries serve more than one judge. As a matter of fact, we have increased the appropriation this year \$157,000 over last year.

Mr. STEFAN. The report does not say so.

Mr. BATES of Kentucky. I am wrong about that. It was a telephone call to the Budget Officer; that is what it was.

Mr. STEFAN. The report does not indicate that you suggested that the other judges allow their secretaries to serve these three new judges.

Mr. BATES of Kentucky. Well, that has been discussed with them, and that has been requested of them.

Mr. STEFAN. I thought there was some explanation, and that perhaps it was inadvertently omitted. Some correction should be made when you get to conference, because there is discrimination here. The other judges, I understand, will not relieve their secretaries. They need them in their own chambers when they are sitting on the bench in their various courtrooms, and they are working under that handicap.

Mr. BATES of Kentucky. It was the opinion of the subcommittee, and it was unanimous, that the courts were costing entirely too much, and we were trying to economize if we could.

Mr. STEFAN. I agree with you that you should economize, but it looks like discrimination here, and there was nothing in the report about it. So, I understand that the other 10 judges must share their secretaries with the 3 new judges.

Mr. BATES of Kentucky. Yes.

Mr. STEFAN. I thank the gentleman.

Mr. BATES of Kentucky. I have no further requests for time, Mr. Chairman.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BATES of Kentucky. I yield to the gentleman from Iowa.

Mr. GROSS. How many municipal judges do we have of all descriptions?

Mr. BATES of Kentucky. Thirteen.

Mr. GROSS. Does that include juvenile court and all municipal judges?

Mr. BATES of Kentucky. All municipal judges in the Municipal Court of the District of Columbia.

Mr. YATES. The gentleman is not confusing that with Federal judges, is he?

Mr. GROSS. No; municipal judges in the District of Columbia. You have how many secretaries; 10?

Mr. BATES of Kentucky. Ten secretaries.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

NATIONAL ZOOLOGICAL PARK

For expenses necessary for the National Zoological Park, including erecting and repairing buildings; care and improvement of grounds; travel, including travel for the pro-

curement of live specimens; purchase, care, and transportation of specimens; purchase of motorcycles and passenger motor vehicles; revolvers and ammunition; purchase of uniforms and equipment for police, and uniforms for keepers and assistant keepers; \$573,000: *Provided*, That funds appropriated under this head shall be expended by expenditure warrant as an advance to the National Zoological Park and shall be credited as a repayment and maintained in a special account. The amounts so advanced will be available for the objects herein specified, any unexpended balance to be returned to this appropriation not later than two full fiscal years after the close of the current fiscal year.

Mr. POWELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POWELL: On page 55, line 22, add a new section: "Provided, That no part of any appropriation contained in this bill shall be used for any of the purposes therein mentioned by any agency, office, or department of the District of Columbia, which segregates the citizens of the District of Columbia in employment, facilities afforded, services performed, accommodations furnished, instruction, or aid granted on account of race, color, creed, or ancestry of the citizens of the District of Columbia."

Mr. BATES of Kentucky. Mr. Chairman, I reserve a point of order against the amendment.

Mr. POWELL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. POWELL. Does the gentleman from Kentucky make a point of order that the amendment is not in order?

The CHAIRMAN. The gentleman from Kentucky has reserved his point of order.

Mr. POWELL. Mr. Chairman, this is the amendment that I have offered for 6 years. The amendment which, if adopted will clean up our Capital. It has been sustained by the Chair each time it has been offered and contains the exact wording of the previous amendments.

Mr. FURCOLO. Mr. Chairman, will the gentleman yield?

Mr. POWELL. I yield.

Mr. FURCOLO. I did not quite understand the gentleman's amendment. Does he mean the citizens of the District of Columbia?

Mr. POWELL. Yes; the citizens of the District of Columbia.

Mr. Chairman, this amendment has been defeated each year, but I am happy to say the record shows an increasing number of "yeas" in support of it. This session of the Congress, with its lamentable record in the field of civil rights, should, with its high-handed travesty on FEPC, should give serious consideration to this amendment.

I know many Members have peculiar local problems, sometimes sectional as well.

I feel, however, that when we consider the Capital of our Nation, and more than that, the Capital of world democracy, we should submerge these local and sectional differences and try to legislate in Washington, D. C., a Capital whose atmosphere would be in keeping with the sentiments expressed yesterday on I Am an American Day, a Capital

in keeping with the principles of government that we are trying to sell to the peoples of the world through the Marshall plan, a Capital that would not be a world disgrace. All the money that we voted for today when we adopted the conference report on the Marshall plan was simply money poured down the drain, unless we prove to the peoples of the world that here in Washington, D. C., we are willing to practice what we preach. It is bad enough to practice native fascism sectionally but inexcusable to practice it right here in the Capital. The Marshall plan is nothing but lip service democracy unless we back it up with the practice of real democracy.

Voting for real democracy in Washington, D. C., does not in any way conflict with your problems in the various districts. It means that you recognize, first, that Washington is the Capital of our Nation and, therefore, secondly, here there should be the best form of democracy. Democracy that is dual—one way for dark and one way for white—is worse than no democracy at all, for it is a farce.

I am appealing to the Members to support this amendment today. It will back up the pleas that we are making throughout the world for the kind of democracy that we want the world to have. You cannot wage a cold war abroad by throwing cold water on the rights of 15,000,000 members of my race. The peoples of all nations look upon us with that respect which is sadly lacking now when they know that even if, in certain sections of the country, there may be segregation, that, at least in Washington, D. C., there is the finest and highest type of democracy.

I appeal to you, therefore, to back up this amendment and to vote for it.

Mr. BATES of Kentucky. Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. POWELL].

The question was taken; and on a division (demanded by Mr. POWELL) there were—ayes 19, noes 50.

Mr. POWELL. Mr. Chairman, I ask for tellers.

Tellers were refused.

So the amendment was rejected.

The Clerk concluded the reading of the bill.

Mr. BATES of Kentucky. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House, with the recommendation that the bill do pass.

The motion was agreed to; and the Speaker pro tempore [Mr. McCORMACK] having resumed the chair, Mr. KEOGH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 8568) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1951, and for other purposes, had directed him to report the bill back to the House with the recommendation that the bill do pass.

Mr. BATES of Kentucky. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. CLEVENGER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. CLEVENGER. I am, Mr. Speaker. The SPEAKER pro tempore. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CLEVENGER moves to recommit the bill H. R. 8568 to the Committee on Appropriations.

Mr. BATES of Kentucky. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. MARCANTONIO) there were—ayes 3, noes 77.

So the motion was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

CONTESTED ELECTION CASE—GEORGE D. STEVENS v. WILLIAM W. BLACKNEY

Mr. HARRISON. Mr. Speaker, I call up the resolution (H. Res. 503) relative to the contested-election case of Stevens against Blackney, Sixth Congressional District of Michigan.

The Clerk read as follows:

Resolved, That WILLIAM W. BLACKNEY was elected a Representative in the Eighty-first Congress from the Sixth Congressional District of the State of Michigan, and is entitled to a seat as such Representative.

Mr. CAVALCANTE. Mr. Speaker, will the gentleman from Virginia yield to permit me to offer a substitute resolution?

Mr. HARRISON. Mr. Speaker, I yield to the gentleman from Pennsylvania for that purpose.

Mr. CAVALCANTE. Mr. Speaker, I offer a substitute resolution.

The Clerk read as follows:

Resolved, That the contested-election case of George D. Stevens v. William W. Blackney from the Sixth Michigan Congressional District (81st Cong., election of November 2, 1948) be recommitted to the Committee on House Administration with instructions (1) to allow, under the rules of the subcommittee on elections and the precedents established by the House of Representatives, the contestant and his attorney to inspect the poll lists, registration books, ballot boxes, ballots, tally sheets, and statements of returns pertaining to this contested election, and (2) that after said inspection, to direct the parties to this contest, under such rules as the committee may determine, to take testimony and return the same, as required by the rules of the subcommittee on elections and laws (2 U. S. C. 201-226) governing contested-election cases and the precedents established by the House of Representatives (*Stolbrand v. Aiken* (1 Hind 719); *Goodwyn*

v. Cobb (1 Hind. 720); *Greevy v. Scull* (2 Hind 1044); *Steele v. Scott* (6 Cannon 126); *Galvin v. O'Connell* (6 Cannon 146); *Kunz v. Granada* (6 Cannon 186)).

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. CAVALCANTE] is recognized for 1 hour.

Mr. CAVALCANTE. Mr. Speaker, I yield the floor to the gentleman from Virginia [Mr. HARRISON].

The SPEAKER pro tempore. The gentleman from Virginia [Mr. HARRISON] is recognized for 1 hour.

Mr. HARRISON. Mr. Speaker, I move the previous question on the substitute.

The previous question was ordered. The SPEAKER pro tempore. The question is on the substitute resolution. The substitute resolution was rejected.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CONSTRUCTION OF MODERN NAVAL VESSELS

Mr. VINSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. VINSON. Mr. Speaker, a rule has been granted for the consideration of the bill (H. R. 7764) authorizing the construction of modern naval vessels, and for other purposes. Rather than take time under the rule, I ask unanimous consent for the immediate consideration of the bill H. R. 7764, and ask that it be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the President of the United States is hereby authorized and directed to undertake the construction of not to exceed 50,000 tons of modern naval vessels in the following categories:

- (a) Combatant vessels, 30,000 tons.
- (b) Auxiliary vessels, 10,000 tons.
- (c) Experimental types, 10,000 tons.

The President is authorized and directed to convert not to exceed 200,000 tons of existing naval vessels, from among those vessels on the Navy list determined to be best fitted for conversion, to modern naval vessels, of the following categories:

- (a) Combatant vessels, 125,000 tons.
- (b) Auxiliary vessels, 75,000 tons.

Sums heretofore or hereafter appropriated or made available for the commencement of construction or conversion of vessels, machinery, armament, and equipment shall be held and considered to be available for either the construction, the conversion, or the equipment of vessels.

There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$500,000,000 to be expended for the construction or conversion of the foregoing vessels.

With the following committee amendment:

Page 2, line 14, strike out "\$500,000,000" and insert in lieu thereof "\$350,000,000."

Mr. VINSON. Mr. Speaker, I move to strike out the last word, and I ask unanimous consent to proceed for five additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. VINSON. Mr. Speaker, H. R. 7764 is a bill which has for its purpose the modernization of the United States Navy. After the last war the Navy was left with a large number of ships built during the war and used to win the war at sea in the Pacific and the Atlantic. These ships were well planned, well built, and well fought. However, they belong to another age and will have to be replaced by ships which will incorporate the lessons of the last war and the research and development of inventions since the end of the war.

There is ample authority in the law to build ships of the type that we had in the last war. There is authority in law to build 1,700,000 tons of ships of the battleship, carrier, cruiser, and destroyer categories. This existing authority does not fully meet the needs of the Navy if it is to keep abreast of the developments of science today and in the immediate future.

The bill before you authorizes and directs the Secretary of the Navy to construct some vessels of a new and quite radical design. It authorizes the conversion of older types of ships already built and in reserve to vessels of a more advanced design and equipped with the most modern and powerful weapons which the engineer and scientist have been able to create. This bill provides the Navy with the first of the ships it will need in the Atomic Age.

The fundamental reasons for this bill are based on these grim facts:

First. High-speed submarines which dive deep and stay under the water for long periods of time have made obsolete the weapons and equipment used by anti-submarine ships in the last war. This stark fact means that modern submarines can sink our troop and supply ships unless we have the weapons and ships to drive off or destroy the submarine. The Navy needs new types of anti-submarine ships.

Second. Russia has a large submarine fleet. It is larger than the fleet of submarines Germany had in 1940. Russia has today the latest type of submarines which the Germans designed and built at the end of the war. We can expect Russia to be able to use her submarines just as effectively as the Germans used their submarines.

Third. To counteract the high-speed airplane which operates at high altitude, science has developed a weapon in the self-guided missile which, when launched, seeks out and destroys its target in the air. The Navy needs ships which can carry and launch these guided missiles against attacking aircraft.

Fourth. Progress in aircraft design and the development of the jet engine have resulted in new and effective types of airplanes which make obsolete the best of World War II aircraft. For use over the sea these modern airplanes will need

carriers with stronger decks and special equipment to launch, operate, and recover them. Eventually the carrier itself may have to be redesigned. At the present time we must convert our available carriers to be ready to carry the latest types of planes into combat.

Fifth. Atomic power for submarines is now considered feasible. There are far-reaching implications in the use of this source of energy to drive the ships over and under the water. We dare not fall behind in this development.

Sixth. The soldier and the marine have new weapons that they use in their battles for the beach head and on the ground when landed. These new weapons need landing craft quite different from those used in World War II.

Seventh. There are new types of mines which cannot be swept by the minesweeping vessels we had in the last war. Our transports and shipping will again be vulnerable to loss and damage from mines if we fail to provide these modern minesweepers.

Mr. Speaker, those are the fundamental reasons for us to proceed now to modernize the Navy.

H. R. 7764 authorizes the construction of 50,000 tons of new ships and the conversion of 200,000 tons of existing ships fitted with the new weapons, equipment and devices for future operations at sea. The bill authorizes the appropriation of not to exceed \$350,000,000. When we passed the appropriation bill on May 11 for fiscal year 1951 we provided the sum of \$50,000,000 for construction and conversion of ships. The Navy Department has made provision for a modest program for the construction and conversion of ships since the end of the war under previous authority. It is necessary now to provide a positive direction to construct the types of ships we need for the future.

Let us consider the program for the construction of new ships presented by the Chief of Naval Operations to the Committee on Armed Services in his testimony on H. R. 7764. This is the program the Chief of Naval Operations recommended to the Secretary of the Navy. It was forwarded to the Secretary of Defense by the Secretary of the Navy. The Secretary of Defense has approved the program for planning purposes.

For new construction the Navy recommends—

One submarine driven by atomic power of about 2,500 tons and costing about \$40,000,000;

One submarine with a closed cycle propulsion plant which means that the engine needs no air supply from the surface; of 2,200 tons, costing about \$37,000,000;

One coastal type of submarine of 250 tons, costing \$3,000,000;

One experimental high-speed target submarine of 1,100 tons costing about \$10,000,000;

Seventy-nine landing craft for amphibious operations totaling about 2,766 tons, costing about \$10,400,000;

Eight minesweeping vessels totaling 2,250 tons and costing \$27,500,000; and

Twenty lighters for use as harbor freighters totaling 3,400 tons, costing \$2,000,000.

The approximate tonnage for all this new construction is 14,466 tons. The estimated cost for all the new construction is about \$130,000,000.

For the conversion of existing ships to modern types—

One cruiser to carry and launch guided missiles, 14,000 tons, \$40,000,000;

One fleet carrier converted to carry and operate the modern heavy and more powerful airplane, 27,000 tons, \$39,800,000;

Four destroyer escorts converted for operations against the modern type of submarine, 5,400 tons, \$28,000,000;

Four radar pickets equipped to detect and track the flight of aircraft approaching our coastline, 5,400 tons, \$18,500,000;

Eleven streamlined snorkel submarines with higher speeds under water, 16,775 tons, \$26,000,000;

One mine-laying submarine, 1,525 tons, \$8,000,000; and

Three killer submarines for use in antisubmarine warfare, 4,575 tons, \$15,600,000.

The following types of auxiliaries will be converted to modern types to replenish, supply, and support ships at sea:

One refrigerator supply ship, 7,000 tons, \$3,530,000;

One fleet tanker and supply ship to expedite the fueling and supply of smaller ships at sea, 7,700 tons, \$2,000,000;

One fleet issue stores ship, 7,000 tons, \$2,000,000;

One medium size landing craft for conversion to a cable layer, 520 tons, \$600,000.

The total tonnage for the conversion of existing vessels is 96,695 tons.

The total estimated cost for the conversion program is \$184,675,000.

Mr. Speaker, someday this country will need the ships listed in this program. When that day comes there will be no time for orderly plans and programs for the construction of ships. The ships are only a plan at this time. But now is the time for plans. This is the time to prepare. Without plans and without preparation we invite trouble. With adequate plans and thoughtful preparation we can meet danger and provide for our common defense. This is the time Congress must exercise its constitutional power in the discharge of its duty to provide and maintain a Navy.

Mr. WOLVERTON. Mr. Speaker, will the gentleman yield?

Mr. VINSON. I yield to the gentleman from New Jersey.

Mr. WOLVERTON. I am well aware of the fact that the gentleman, over a long period of time, has by his personal endeavor in the work of his committee, sought to keep the Military Establishment of our Nation abreast of the times. He is to be highly commended for the alert and intelligent study he has always given to our military preparedness. Will the gentleman inform me as to when the work of construction and modernization will be done? The reason I ask this question is that yesterday I had the opportunity to view the shipyards along the Delaware River. I saw many shipways in the several shipyards along that

river that were vacant with no vessels under construction. I know there is great concern in the shipbuilding industry with respect to future work. Is the gentleman able to say when the work contemplated in the program provided for in this bill is likely to be commenced?

Mr. VINSON. Fifty million dollars of it will start during the fiscal year 1951. That program has already been authorized and appropriations have already been made. Then as the years roll by we will continue in an orderly way, spending about \$50,000,000 a year on this work.

I am aware that the shipbuilding industry is a vital part of our national defense. We must keep it alive, and we are justified in keeping it alive because it plays such a conspicuous part in the proper defense of the country. This program will give new life to it.

Mr. WOLVERTON. It has always been assuring to realize that the distinguished chairman of the Armed Services Committee is well aware of the importance of the shipbuilding industry as a means of defense. He has demonstrated this by word and act on more than one occasion.

Mr. VINSON. Today, under a law that we passed some years ago, 50 percent of all this work must be done in the shipyards and approximately 50 percent in the navy yards. I think there are certain types of ships here that for various reasons may have to be built in the experimental stage in navy yards, but there is a large over-all modernization and conversion program that with propriety can go to the industrial yards.

Mr. WOLVERTON. It is highly important and necessary for our Nation to keep abreast of, and, if possible, ahead of present-day advancement in ship requirements to keep our Navy in the forefront. Our national interests demand that we maintain our fleet at the highest point of efficiency. World leadership that we have now assumed brings upon us obligations that cannot be ignored. The time to prepare is now. A future emergency that may come upon us may demand immediate action upon our part. We may not again have the opportunity to prepare after the emergency arises. Both in World War I and II, we were fortunate to have opportunity to build up our military forces over a period of time after the war started. We may never again be in that fortunate position. Hence, I repeat that the time to prepare is now. Having in mind the national security we cannot afford to delay.

Furthermore, I am in full accord with the shipbuilding and repair program that has been presented to us by the Armed Services Committee because it will mean work for our private shipyards as well as the Government navy yards. Both of these are in dire need of additional work at this time. If something is not done immediately to provide work the shipbuilding industry will lapse into a state of complete inactivity.

On many occasions I have brought to the attention of the Congress the tremendous importance of maintaining an adequate shipbuilding industry and organization of workers. The highly

skilled workers engaged in ship construction make it absolutely necessary that these trained workers shall have continuous employment or otherwise they are lost to the industry. It is impossible to build up such an organization of trained mechanics overnight. Therefore, it is necessary to maintain at all times such an organization to meet any emergency that may result. I am in full accord with the bill now before the House.

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WIGGLESWORTH. Mr. Speaker, I am very happy to hear the distinguished chairman of the Armed Services Committee, the gentleman from Georgia [Mr. VINSON] stress the importance of the preservation of our essential shipyards and of our skilled workers at those yards from the standpoint of national defense.

The situation at many of these yards today, as I have stated on previous occasions on the floor of this House, is becoming desperate. Employment has deteriorated rapidly. There has been little or no naval construction in view. There will be only eight commercial ships under construction in our major yards on the Atlantic coast in the calendar year 1951 and only one under construction in the calendar year 1952. I have been advised that two of these yards have believed that it would be necessary to close in the near future if something was not done to help the situation.

It is my understanding that the bill under consideration provides for the construction of 112 ships and craft with a total tonnage of about 14,466 tons, as well as for the conversion of 29 ships with a total tonnage of about 96,695 tons.

I further understand that the program for construction and conversion, which would be initially undertaken under the terms of the bill under consideration, has been specifically recommended by the Chief of Naval Operations, by the Secretary of the Navy, and by the Secretary of Defense, with a view to keeping abreast of modern developments in an orderly manner.

The bill under consideration should accordingly contribute to essential requirements of the Navy and at the same time afford vital work for our essential shipyards and for our workers at these yards who have proved themselves to be so vital from the standpoint of national defense in time of emergency.

I hope the bill will be approved by the House and that it will receive prompt and favorable action in the other body.

Mr. SHORT. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, there is little that anyone can add to what the very able and distinguished chairman of our Committee on Armed Services, the gentleman from Georgia [Mr. VINSON], has already stated. I think he has given us a rather full and complete picture of this proposed program. There are two or three

things I think we cannot emphasize too much, and one is the rapid progress and development that has been made not only during the last global conflict but since the war ended.

Without detracting one bit from the bravery and heroism of the men and women who fought and won this last war, I think most of our military leaders regardless of the branch of the service in which they served, whether they be General MacArthur, General Marshall, General Arnold, General Eisenhower, General Bradley, General Spaatz, General Kenny, or Admirals Nimitz or King, will frankly state that perhaps the one great decisive factor in America's winning this last war was our productive capacity and industrial might and output.

I am glad that the chairman has assured the gentleman from New Jersey [Mr. WOLVERTON] and he can assure other Members of the House who represent great shipbuilding companies and yards that the members of the Armed Services Committee are keenly aware that in order to have a strong Nation we must have a healthy, growing industry. It is our intention, of course, to do everything in our power to keep it strong.

Since the war ended we have learned through experience that we will need certain types of new vessels and new weapons because the old have become obsolete since the last war ended. To start with, we are going to have to have larger and speedier submarines.

Almost everyone, I think, knows that when the war ended the Russians took over most of the German snorkel submarines in the Baltic and they have been building at such a rapid pace that today Russia has perhaps over 200 of these large, fast submarines that can stay under water perhaps for three or four thousand miles. Naturally that has compelled us to revise our program, not only in developing our own submarines, but in developing antisubmarine weapons, because in the next war the Navy will not play such an important role on the surface of the seas, but rather the naval war will be fought above the seas and beneath the surface of the seas.

Not only will we be called upon to make provision for this new type of submarine, but we are going to have to convert, as the chairman pointed out, one of our large, heavy cruisers to a guided missile carrying ship that can fire rockets, and by radio or radar direct the course of a rocket which will seek out a plane regardless of what height that plane is flying and at what speed the missile is going.

Different types of mines have been developed since the close of the last war, which will prove a great menace in any future war against our surface ships, our transports and merchant vessels. Much of the money that we have voted or will vote will go to the development, of course, of new types of mines and into the development of mine sweepers capable of sweeping these modern weapons.

One of the most fascinating aspects of this whole new program is the hope that before long we will have submarines driven by atomic energy. Of course, the members of our committee are not free

to disclose publicly here some of the data and some of the evidence that has been given to us in executive session. But I think we can assure the American people those in charge of our national defenses have not gone to sleep at the switch, but are busy working day and night to make our Nation stronger in every respect.

Fifty thousand tons of this new authorization is for construction of new vessels. We propose to convert 200,000 tons from existing vessels to more modern types. Strange as it may seem, much as the Committee on Armed Services is concerned and interested in building our defenses, we propose, while not reducing the tonnage, to reduce the amount of authorization of appropriations from \$500,000,000 to \$350,000,000 which I think is pretty good proof of the good faith of the members of our committee because we realize we must protect and defend our own domestic economy since no nation is stronger than its financial solvency.

Mr. Speaker, there is nothing more I care to say at this time, but if anyone has any questions, I am sure they can get the time to ask them and that our chairman, as always, will be willing to listen and answer any questions. Otherwise he might as well order the previous question.

The SPEAKER pro tempore. The question is on the committee amendment.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

House Resolution 600 was laid on the table.

AUTHORIZING CONSTRUCTION AT MILITARY AND NAVAL INSTALLATIONS

Mr. DELANEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 599 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2440) to authorize certain construction at military and naval installations, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. DELANEY. Mr. Speaker, I yield to the gentleman from Ohio [Mr. BROWN] 30 minutes.

I now yield myself 5 minutes.

Mr. Speaker, this resolution makes in order the bill (S. 2440) to authorize cer-

tain construction at military and naval installations, and for other purposes.

This is construction authorization for military and naval installations. The bill authorizes the expenditure of \$688,000,000 in construction authorization, broken down as follows:

Operational, \$375,000,000.
Research and development, \$92,000,000.

Family housing, \$129,000,000.

Nonfamily housing, \$58,000,000.

Special weapons, \$12,000,000.

The committee states that every project contained in this legislation is fully justified in national defense. This bill was originally recommended by Secretary of Defense Johnson. This is the first time that a fully integrated military construction program has been presented to the House.

The resolution calls for 2 hours' general debate, and then consideration under the 5-minute rule for amendments.

Mr. VINSON. Mr. Speaker, will the gentleman yield?

Mr. DELANEY. I yield.

Mr. VINSON. I wish to announce to the House that when this bill is taken up, at the proper time there will be an amendment offered, by direction of the Armed Services Committee, to strike out all in the bill with reference to building family quarters in continental United States for the armed services. When the committee presented its bill to the Rules Committee, and after consultation with them, and after further consultation with the Armed Services Committee, we decided that we would ask for the bill as written by the Armed Services Committee, but on the floor of the House we would offer an amendment to delete the authorization for the construction of any family quarters within the continental United States. That takes out of the bill about \$100,000,000 of authorization.

I thought it proper to make that announcement now because the Armed Services Committee, after consideration, and after going over this matter with the Rules Committee, felt that this housing should be built under the Wherry law, by private enterprise, instead of the Government engaging in a large construction program for family quarters.

I will state, however, that there is in the bill, and will be left in the bill, barracks and bachelor quarters for unmarried personnel in the United States.

Then I wish to make a further statement. It was agreed in the Armed Services Committee, and agreed before the Rules Committee, that the \$3,000,000 item for a railroad spur by the Marine Corps between Camp Le Jeune and Cherry Point, would not be recommended by the Armed Services Committee if the Atlantic Coast Line and the Marine Corps could agree on a solution. We do not want to go into the railroad business. We had to put it in there in the hope that an agreement, in the process, will be carried out. But if it is not carried out the defense of the country cannot afford to be without a railroad in that particular section.

I think it is pertinent that I make that announcement before the vote is taken on the resolution.

Mr. DELANEY. I thank the gentleman from Georgia.

Mr. Speaker, I ask for the adoption of this rule. It provides for 2 hours' general debate, and then consideration under the 5-minute rule for amendment.

I reserve the remainder of my time.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, as the gentleman from New York has so well explained, this resolution makes in order the bill (S.2440) from the Armed Services Committee for certain military and naval construction and other installations, under 2 hours of general debate.

I am very appreciative of the statement made by the chairman of the Armed Services Committee, the gentleman from Georgia because it was a very, very important statement. This bill was rewritten in the Armed Services Committee after it originally passed the Senate; and then as the gentleman from Georgia has explained after considerable discussion before the Rules Committee and within the Armed Services Committee, it was agreed numerous amendments are to be offered on the floor of the House by the chairman at the direction of his committee to eliminate all construction of housing for families in the military branch of the service within continental United States. Instead such housing will be built by private enterprise under another law. This bill, however, does contain certain military installation construction within the continental United States, as well as without, and also provides for certain military housing in Alaska, Guam, and some of our outlying possessions.

I should like to add—and I wish the gentleman would correct me if I am wrong—to the statement made by the gentleman from Georgia that all understanding has been reached in connection with the housing for military personnel without the continental United States, that while some of the amounts set forth as to the cost of construction seems a bit high, such figures are the top-side limit, and it is the intent and the purpose of the Armed Services Committee to see to it that such housing is constructed at just as low a cost as possible. In other words, that the committee will carefully supervise the construction contracts and so forth.

Mr. VINSON. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. VINSON. While an amendment I am going to offer puts the ceiling of cost in Alaska, I am happy to state that under a recent contract for building houses in Alaska they have been able to build them for around \$14,500 for the house and an average total cost of about \$20,000, south of the Alaska range.

Mr. BROWN of Ohio. At a great saving.

Mr. VINSON. At a great saving.

Mr. BROWN of Ohio. And it is our understanding that these figures are simply the top limit, that already arrangements have been made for much lower construction costs, and that the committee as the arm of Congress will ride careful herd on these expenditures.

I was also appreciative of the gentleman's statement relative to the railroad installation.

Mr. VINSON. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. VINSON. For the benefit of the Members, I propose to offer an amendment reading substantially as follows:

Nothing contained in this act shall be construed to authorize the construction of family quarters or the conversion of existing structures to family quarters at any of the locations mentioned in titles I, II, and III of this act under the heading "Continental United States."

(b) No family quarters shall be constructed under authority of this act outside continental United States that are in excess of a net floor space of 1,008 feet.

In addition thereto, after that amendment has been agreed to, then, as the bill is read, amendments will be offered at some forty-odd places eliminating each one of the family-housing items in continental United States so there will be no doubt about it as the bill leaves the House.

It will not provide for any family quarters in the United States. Then I propose to offer an amendment that places a limitation of the total cost per unit in Alaska—\$33,000 maximum and \$29,500 average.

Mr. BROWN of Ohio. I thank the gentleman for his statement.

In addition I might state it is our understanding that the amendments to be offered by Chairman Vinson at the direction of the committee will make a reduction in the over-all amount authorized by this legislation of well over a hundred million. Is that correct?

Mr. VINSON. That is correct.

Mr. BROWN of Ohio. Further that the committee and the chairman in consultation with the Rules Committee—I think this is rather important for the House—have made the statement and the pledge that they, as representatives of the House of Representatives, will pay unusual attention to the letting of these contracts for various construction work that is to be done under the provisions of this law, bearing in mind, of course, the great need for economy as well as the great need for national defense. The Rules Committee has been convinced from the testimony which has been submitted to it that the membership of the Committee on Armed Services and its chairman will be very zealous and very jealous in the performance of their duties; zealous in performing its duty and jealous in seeing to it that not a dollar of money not needed will be spent.

Mr. VINSON. Mr. Speaker, I want to take this opportunity publicly of thanking the Rules Committee for its aid and assistance in aiding the Armed Services Committee in reaching a decision with reference to the items which originated from the discussion before the committee.

Mr. BROWN of Ohio. May I say to the gentleman on behalf of the Rules Committee—and I am sure I speak for the entire membership of that committee—I know the gentleman from New York [Mr. DELANEY] will agree with me—we are most appreciative of the cooperative spirit in which the chairman and the

members of the Armed Services Committee have approached this entire problem. I am therefore hoping this rule will be adopted, that Members of the House will give careful attention to the explanation of these different items, and of the various amendments and the reasons therefor that will be offered by the gentleman from Georgia and other members of the committee. As a result I think we are going to have one of the most economical, one of the most effective and best-rounded measures of this type which has been brought to the floor of the House in many, many years.

Mr. Speaker, I hope the rule will be unanimously adopted.

Mr. DELANEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. VINSON. Mr. Speaker, notwithstanding the fact that the rule provides for 2 hours of general debate, I ask unanimous consent that the bill (S. 2440) be considered in the House as in the Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read as follows:

Be it enacted, etc.—

TITLE I

SEC. 101. The Secretary of the Army, under the direction of the Secretary of Defense, is hereby authorized to establish or develop military installations and facilities by the construction, installation, or equipment of temporary or permanent public works, including buildings, facilities, appurtenances, and utilities, as follows:

CONTINENTAL UNITED STATES

Aberdeen Proving Ground, Md.: Climatic testing facilities, air to ground rocket firing research facilities, high explosives loading and disassembly facilities, and compressor building for supersonic wind tunnel, \$2,930,000.

Arlington Hall, Virginia: Extension between wings 1 and 2, building No. 450, extension of wing No. 1, building No. 450, \$94,000.

Army-Navy General Hospital, Arkansas: Ground storage water reservoir, \$65,000.

Army chemical center, Maryland: Process laboratory, radiological "cold" laboratory, low temperature test chambers, experimental loading and filling building, test chamber for aerosols, radiological "hot" laboratory, protective equipment laboratory, explosion test chamber, collective protector and air filter laboratory, facilities for assembly of clusters and fire bombs, high-pressure laboratory, storage building for radiological equipment laboratory for radiological defense school, \$2,861,000.

Army receiving station, La Plata, Md.: Family quarters and utilities barracks, receiving building, powerhouse, and garage, \$634,500.

Army transmitting station, District of Columbia area: Improve roads, land acquisition, power facilities, powerhouse and garage, telephone facilities, transmitter building, barracks, family quarters, and utilities, \$1,285,500.

Fort Belvoir, Va.: Communications building, \$118,000.

Benicia Arsenal, Calif.: Improvements to water system, \$243,800.

Fort Benning, Ga.: Family quarters and utilities, repair shops, magazines, storage facilities, administration building, gasoline station and pump house, central heating plant, lavatory building, target house, \$6,414,000.

Black Hills Ordnance Depot, S. Dak.: Family quarters and utilities, improvements to water system, \$249,000.

Fort Bliss, Tex.: Family quarters and utilities, \$462,000.

Fort Bragg, N. C.: Family quarters and utilities, \$6,666,000.

Brooklyn Army Base, N. Y.: Fire protection of piers, \$150,000.

California Institute of Technology, California: Test cells, hazardous propellant storage, construction, modification, and relocation of facilities, \$685,000.

Deseret Chemical Depot, Utah: Family quarters and utilities, barracks, \$497,700.

Camp Detrick, Md.: Family quarters and utilities, civilian dormitories, decontamination facilities, munitions building, aerobiological building, basic science building, meteorological building, pilot plant for crop studies, surveillance building, laboratory, storage facilities, maintenance shops, \$3,313,500.

Fort Dix, N. J.: Family quarters and utilities, \$924,000.

Camp Hood, Tex.: Family quarters and utilities, battalion motor park, highway bridge, improvements to water system, \$9,100,000.

Fort Knox, Ky.: Family quarters and utilities, \$924,000.

Camp Lee, Va.: Family quarters and utilities, \$3,135,000.

Fort Lewis, Wash.: Family quarters and utilities, removal of structures and relocation of post office and finance building, telephone exchange building, \$4,793,000.

Lima Ordnance Depot, Ohio: Connection with city water supply and utilities, \$90,000.

Malta Test Station, N. Y.: Additional garage space, additions to electrical distribution system; Quonset huts and platforms; fencing, drainage, roads, fire lanes and clearings, vehicle storage sheds, well, pump and water distributing system, addition to test structure No. 6, chemical test structure and test cells, oxygen pump and turbine test buildings, extension of nitrogen and oxygen gas lines to pits 1 and 2 and chemical pit, fire-alarm system, increase storage for new type fuels, stockroom addition, extension engineering and laboratory building, water pipe wall for pits 3 and 4, in addition to ram jet structure, \$840,000.

Marion Engineer Depot, Ohio: Sprinkler system, special storage facilities, \$533,000.

Midwest Chemical Depot, Ark.: Storage sheds, \$551,000.

Fort Monmouth, N. J.: Family quarters and utilities, \$3,069,000.

Muroc Air Force Base, Calif.: Improvement to range bombing facilities, \$144,000.

Navajo Ordnance Depot, Ariz.: Utilities for Navajo Village, \$225,000.

Picatinny Arsenal, N. J.: Construction of facilities for rocket development and test purposes and utilities (Loki project), \$601,000.

Redstone Arsenal (Huntsville), Ala.: Chemical laboratory and administration engineer buildings and rocket motor test stand; engineer building, administration building, laboratory buildings; four rocket motor test stands; storage facilities; flight test range; nitroglycerin plant; two temperature conditioning buildings; modification of eight buildings; modification of one building for machine shop; expansion and modification of utilities, roads, and fences; \$4,250,000.

Fort Riley, Kans.: Underground magazines, family quarters, and utilities, \$143,000.

Rossford Ordnance Depot, Ohio: Fireproofing of warehouses, \$500,000.

St. Louis Medical Depot, Mo.: Modification of medical laboratory building, \$125,000.

Schenectady General Depot, N. Y.: Base maintenance shop building facilities and utilities, \$749,000.

Sharpe General Depot, Calif.: Equipment processing building, \$184,900.

Fort Sheridan, Ill.: Beach-erosion protection, \$150,000.

Sierra Ordnance Depot, Calif.: Family quarters and utilities, \$165,000.

Fort Sill, Okla.: Family quarters and utilities, control tower, \$680,000.

Sioux Ordnance Depot, Nebr.: Family quarters and utilities, \$99,000.

Tooele Ordnance Depot, Utah: Family quarters and utilities, \$132,000.

Two Rock Ranch, Calif.: Family quarters and utilities, \$231,000.

Vint Hill Farms, Va.: Family quarters and utilities, \$759,000.

White Sands Proving Ground, New Mexico: Family quarters and utilities; barracks, extension of field instrumentation, automotive maintenance shops, fuel stations, improvements to airfield facilities, meteorological station, refrigeration and ice plant, utilities shops, storage facilities, extension of water supply system and electric power system and bachelor officers' quarters, \$4,341,400.

SPECIAL WEAPONS PROJECT

Construction at classified installations, \$11,814,300.

OUTSIDE CONTINENTAL UNITED STATES

Elson Air Force Base, Alaska: Petroleum terminal storage, \$4,800,000.

Fort Richardson, Alaska: Petroleum terminal storage and dock, water supply, warehouses, heat and power plant, bachelor officers' quarters, family housing and utilities, \$12,466,345.

Whittier, Alaska: Central heat and power plant, composite bachelor housing, service and recreation building, \$3,131,000.

Okinawa: General depot facilities, \$528,000.

Helemano, Oahu, Hawaii: Land acquisition, \$6,000.

St. Thomas, V. I.: San Jose project, \$808,000.

TITLE II

The Secretary of the Navy, under the direction of the Secretary of Defense, is hereby authorized to establish or develop naval installations and facilities by the construction, installation, or equipment of temporary or permanent public works, including buildings, facilities, appurtenances, and utilities as follows:

CONTINENTAL UNITED STATES

Naval air station, Alameda, Calif.: Jet overhaul building and accessories, \$950,000.

Naval Research Laboratory, Anacostia, D. C.: Research laboratory building and accessories, correction of deficiencies to existing facilities, \$1,570,000.

Naval engineering experiment station, Annapolis, Md.: Submarine propulsion test facility, \$2,000,000.

Naval ammunition depot, Bangor, Wash.: Mine assembly facilities, including buildings and accessory construction, \$1,000,000.

Naval training schools, Massachusetts Institute of Technology, Cambridge, Mass.: Combustion test and development facility, \$682,000.

David Taylor Model Basin, Carderock, Md.: Alter 24-inch variable pressure water tunnel, wind tunnel and associated facilities, completion of 3-meter wind tunnel, free surface test facility, \$2,344,000.

Naval Observatory, Charlottesville, Va.: Relocation of Naval Observatory from Washington, D. C., including buildings, collateral equipment, accessory construction, acquisition of land, and the relocation of instruments and accessory equipment to sites to be determined, \$8,500,000.

Marine Corps Air Station, Cherry Point, N. C.: Family quarters and utilities, \$1,765,500.

Naval aviation ordnance test station, Chincoteague, Va.: Family quarters and utilities, guided missile range and facilities, \$1,511,500.

Naval proving ground, Dahlgren, Va.: Interior ballistics measurements building, \$410,000.

Naval Ordnance Aerophysics Laboratory, Daingerfield, Tex.: Addition to test chamber to increase capacity of wind tunnel and additional laboratory facilities, \$864,500.

Naval ammunition depot, Earle, N. J.: Mine assembly facilities, including buildings and accessory construction, \$1,100,000.

Naval training center, Great Lakes, Ill.: Addition to main power plant, including boilers and accessory construction, conversion of barracks to family quarters and utilities, \$1,575,000.

Naval Ammunition Depot, Hawthorne, Nev.: Additional water-storage facilities, \$320,000.

Naval ordnance test station, Inyokern, Calif.: Morris Dam under-water test facilities, static firing facilities for liquid fuels, aerodynamics ballistic track range, ballistic ground ranges and additional instrumentation for and modification of guided missile range, ballistics range facilities, family quarters and utilities, \$10,992,000.

Naval air station, Jacksonville, Fla.: Aircraft carrier berthing, turning basin and approach channel, Mayport, Fla., \$4,920,000.

Naval fuel storage facility, Jacksonville, Fla.: Acquisition and expansion of residual terminal facility, including tankage, pipelines, and accessory construction, \$3,175,000.

Naval air development station, Johnsville, Pa.: Extension of runways for jet operations, acquisition of aviation easements in runway approach zone, development and test facilities, \$5,253,500.

Naval station, Key West, Fla.: Dredging at submarine basin, \$739,000.

Naval aeronautical rocket laboratory, Lake Denmark, N. J.: Rocket test and development facilities, \$7,500,000.

Marine barracks, Camp Lejeune, N. C.: Family quarters and utilities, \$5,808,000.

Naval hospital, Camp Lejeune, N. C.: Family quarters and utilities (conversion), \$128,000.

Camp Lejeune, N. C.: Construction of railroad spur from Camp Lejeune to Cherry Point, N. C., \$3,000,000.

Naval auxiliary air station, Miramar, Calif.: Aircraft maintenance hangar, parking utilities, services, and gasoline storage, \$2,230,000.

Naval base, Newport, R. I.: Acquisition of land on Conanicut Island for small boat landings, \$9,000.

Naval base, Newport, R. I.: Sewage facilities, \$1,243,000.

Naval air station, Norfolk, Va.: Test cells for turbine engines, \$485,000.

Headquarters, Commander in Chief, Atlantic Fleet, Norfolk, Va.: Combined antisubmarine warfare plot and administration building, \$650,000.

Naval communication station, Norfolk, Va.: Communication facilities for Headquarters, Commander in Chief, Atlantic Fleet, \$11,650,000.

Naval air test center, Patuxent River, Md.: Family quarters and utilities, \$775,500.

Naval electronics laboratory, Point Loma, Calif.: Laboratory supply and utility buildings, including services and accessories, \$3,450,000.

Naval civil engineering and evaluation laboratory, naval construction battalion center, Port Hueneme, Calif.: Laboratory building and associated facilities, \$450,000.

Naval air station, Quonset Point, R. I.: Completion of two engine test cells, \$303,000.

Naval air station, San Diego, Calif.: Turbo prop engine test cells, \$530,000.

Special devices center, Sands Point, Long Island, N. Y.: Acquisition of land and buildings, \$350,000.

Naval shipyard, San Francisco, Calif.: Conversion of building No. 351 for radio-logical laboratory, \$1,000,000.

Naval communications station, Skaggs Island, Calif.: Family quarters and utilities, \$495,000.

Thirteenth Naval District: Radio direction finder facilities for supplementary communication requirements, \$211,000.

Twelfth Naval District: Vacuum system housing at naval ordnance activity, \$85,000.

Naval air station, Whidbey Island, Wash.: Acquisition of rocket target range (314.62 acres), \$35,800.

Naval ordnance laboratory, White Oak, Md.: Model test tank, ballistics laboratory, \$1,540,000.

Navy communication station, Winter Harbor, Maine: Addition to radio-operating building, permanent remote-control high-frequency direction-finder facilities, family quarters, and utilities, \$509,000.

Fort Lauderdale, Fla.: Advanced undersea warfare school, \$275,000.

Various locations: Additional aviation fuel storage to support jet operations, \$5,000,000. Extension of runways for jet operations at naval air station, Alameda, Calif.; Marine Corps air station, Cherry Point, N. C.; Marine Corps air station, El Toro, Calif.; naval air station, Norfolk, Va.; naval auxiliary air station, Oceana, Va.; and/or at such stations as changes in strategic positions indicate, \$11,320,000.

OUTSIDE CONTINENTAL UNITED STATES

Fourteenth Naval District: Communication control links, including equipment and land, \$527,000.

Navy communication supplementary activity, Guam: Permanent facilities for communication supplementary activities, interim operating building and accessory construction, \$8,870,000.

Naval supply center, Guam: Additional petroleum storage facilities, \$14,200,000.

Agana Naval Air Station, Guam: Water, electric, and sanitary systems, \$1,850,000.

Naval operating base, Guam: Extension of power generation, transmission, and distribution system; water supply and distribution system; family housing and completion of civil-service bachelor quarters, \$21,936,000.

Oahu, T. H.: Acquisition of part of Oahu Railroad, \$1.

Naval operating base, Kwajalein: Water supply and distribution, power plant and water distillation, refrigerated storage, sewage-disposal system, barracks, mess, and galley, \$5,958,000.

Argentia, Newfoundland: Permanent communication facility, family quarters, and utilities (conversion), \$3,193,000.

Pacific: Naval government facilities in Trust Territories, \$1,000,000.

Roosevelt Roads, P. R.: Acquisition of land (4,170 acres), \$330,000.

Naval station, Tutuila Island, Samoa: Acquisition of land (11 acres), \$3,500.

Various: Additional communications facilities, \$1,000,000. Aviation gas storage (190,000 barrels), \$3,350,000.

TITLE III

The Secretary of the Air Force, under the direction of the Secretary of Defense, is hereby authorized to establish or develop installations and facilities by the construction, installation, or equipment of temporary or permanent public works, including buildings, facilities, appurtenances, and utilities, as follows:

CONTINENTAL UNITED STATES

Bakersfield, Calif.: Purchase and rehabilitation of Mohawk Oil Co. plant, including land, \$141,000.

Bergstrom Air Force Base, Austin, Tex.: Family quarters and utilities, \$1,551,000.

Biggs Air Force Base, El Paso, Tex.: Additional aviation fuel storage and airfield pavements, family quarters, and utilities, \$4,717,000.

Campbell Air Force Base, Hopkinsville, Ky.: Control tower and security fence, family quarters, and utilities, \$496,000.

Castle Air Force Base, Merced, Calif.: Airfield pavements, land for runway extension and aviation fuel storage facilities, family quarters, and utilities, \$6,171,000.

Davis Monthan Air Force Base, Ariz.: Family quarters and utilities, \$2,244,000.

Air Force base, Savannah, Ga.: Facilities, barracks, quarters and utilities, pavements and storage, \$1,275,000.

Eglin Air Force Base, Fla.: Family quarters and utilities, armament engineering test facilities, \$3,459,000.

Ellington Air Force Base, Houston, Tex.: Celestial navigation training buildings, \$57,000.

Fairfield-Suisun Air Force Base, Calif.: Family quarters and utilities, \$1,584,000.

Great Falls Air Force Base, Great Falls, Mont.: Aviation fuel storage facility and airfield pavements, family quarters and utilities, \$7,051,000.

Griffiss Air Force Base, Rome, N. Y.: Shelter and laboratories for automatic radio grid direction finder, alterations of buildings for Watson laboratories, development of instrument landing system, NAVA globe system building, \$3,114,500.

Hamilton Air Force Base, San Rafael, Calif.: Aviation fuel storage facilities, family quarters and utilities, \$1,792,000.

Holloman Air Force Base, Alamogordo, N. Mex.: Instrumentation building, telephone circuits to instrumentation sites, utilities, conversion of electrical distribution system, water supply and storage facilities, missile assembly building, photo laboratory, commissary, sales store and warehouse, tracking device (telemetering and radar), access trails in range area, technical building, family quarters and utilities, upper atmosphere research station, \$7,679,725.

Hood Air Force Base, Temple, Tex.: Family quarters and utilities, operation building, control tower and fire crash station; night lighting, transformer building, fuel storage, oil storage, electrical distribution system, gas mains, water mains, sewage disposal facilities, grading and seeding, roads and parking areas, gate house, obstruction lighting, airfield pavement, \$2,309,467.

Kirtland Air Force Base, Albuquerque, N. Mex.: Family quarters, utilities, and barracks, \$2,062,000.

Limestone Air Force Base, Limestone, Maine: Family quarters and utilities, barracks, aviation fuel storage facilities, heating plant and extension to existing heating facilities, warehouses, maintenance shops, fire and crash station, bomb handling and storage facilities, airfield pavements, oil storage facilities, commissary, nose hangars, training school building, utilities, roads and parking areas, administrative telephone system, communications and electronic facilities, \$25,134,200.

MacDill Air Force Base, Tampa, Fla.: Aviation fuel storage facilities and airfield pavements, family quarters and utilities, \$4,412,000.

McGuire Air Force Base, Trenton, N. J.: Aviation fuel storage facilities, \$700,000.

March Air Force Base, Riverside, Calif.: Family quarters and utilities, \$528,000.

Moses Lake Air Force Base, Moses Lake, Wash.: Barracks, family quarters and utilities, \$5,230,000.

Mount Washington Weather Station, New Hampshire: Climatic projects laboratory, \$363,600.

Muroc Air Force Base, Calif.: Quartermaster warehouse, experimental parachute facilities, electrical system, land for base expansion, unconventional fuel storage, water system, radar and telemetering station, hangars, pavements, runway and taxiway, warehouses

and railroad spur, hangar shop and warehouse, rocket static test facilities, barracks, family quarters and utilities, \$28,957,580.

Norwalk, Calif.: Rehabilitation and provision of additional operating facilities, purchase of Wilshire and Sunset Oil Co. plants, \$767,000.

Offutt Air Force Base, Omaha, Nebr.: Reconstruction of barracks for troop housing, \$300,000.

Otis Air Force Base, Falmouth, Mass.: Aviation fuel storage facilities and hanger, \$1,150,000.

Panama City, Fla.: Purchase and rehabilitation of Panama City Oil Co. plant, \$537,339.

Rapid City Air Force Base, Rapid City, S. Dak.: Family quarters and utilities, \$2,376,000.

Scott Air Force Base, Belleville, Ill.: Land acquisition, family quarters, and utilities, \$1,167,000.

Selfridge Air Force Base, Mount Clemens, Mich.: Aviation fuel storage facilities and airfield pavements, \$600,000.

Spokane Air Force Base, Spokane, Wash.: Purchase of land, airfield pavements, aviation fuel storage facilities, and barracks, \$6,645,000.

Tacoma, Wash.: Purchase and rehabilitation of General Petroleum Corp. terminal No. 2 facilities, \$200,000.

Torrence, Calif.: Ram jet test facilities, \$250,000.

Walker Air Force Base, Roswell, N. Mex.: Aviation fuel storage facilities, airfield pavements, family quarters and utilities, \$6,672,000.

Westover Air Force Base, Chicopee Falls, Mass.: Family quarters and utilities, \$1,584,000.

Williams Air Force Base, Chandler, Ariz.: Family quarters and utilities, \$1,584,000.

Wright Patterson Air Force Base, Dayton, Ohio: Structure branch storage, addition to electrical distribution system for engineering laboratory building, modification to shop and office (wind tunnel building 24C), addition to film storage building, compass test building, modification of wind tunnel (building 24B), addition to radar test building, high-powered electric whirling, extension to electric system, coal-handling facilities (area C), extension to engineer shops, vibration-test building, \$3,340,010.

Location to be determined: Additional strategic bulk petroleum storage facilities, \$14,200,000.

Various locations: Conversion of engine overhaul and test facilities, \$7,990,000; airways navigational aids and communications facilities, \$10,823,080; repair and replacement of airfield lighting, \$1,000,000.

OUTSIDE CONTINENTAL UNITED STATES

Alaska: Warm-up shelters for aircraft, \$700,000.

Elleson Air Force Base, Alaska: Utilities, utilidor and tie-in to new power plant, power and steam plant, family quarters and utilities, \$8,363,320.

Elmendorf Air Force Base, Fort Richardson, Alaska: Outside utilities, warm storage for vehicles, \$1,191,746.

Ladd Air Force Base, Fairbanks, Alaska: Family quarters and utilities, \$5,610,000.

Kindley Air Force Base, Bermuda: Completion of bridge, \$600,000.

Johnston Island Air Force Base: Petroleum-storage facilities, salt-water-flushing system, fresh-water-supply system, airfield lighting, dock repair and replacement, electrical-distribution system, electric-power plant, communications facilities, \$2,031,000.

Dhahran Air Transport Station, Saudi Arabia: Additional facilities, \$4,500,000.

Various locations: Weather broadcast and point-to-point communications facilities, \$787,774; northeast Loran chain, \$2,850,000; ground control approach facilities, \$433,760; air/ground radio stations, \$2,076,592; three multichannel single-side-band stations, \$2,494,122; radar set facilities, \$261,849; demountable or low-cost family housing, \$4,800,000.

TITLE IV

GENERAL PROVISIONS

SEC. 401. To accomplish the above-authorized construction the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force, under the direction of the Secretary of Defense, are authorized to acquire lands and rights pertaining thereto, or other interests therein, including the temporary use thereof, by donation, purchase, exchange of Government-owned lands, or otherwise, without regard to section 3648, Revised Statutes, as amended. When necessary, the Secretary of the Army, under the direction of the Secretary of Defense, is authorized to commence construction authorized in title I hereof for a single special weapons project prior to approval of title to such lands by the Attorney General as required by section 355, Revised Statutes, as amended.

SEC. 402. There is hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, such sums of money as may be necessary for the purposes of this act, but not to exceed:

(1) For public works authorized by title I: Inside continental United States, \$64,087,300; outside continental United States, \$21,739,345; special weapons project, \$11,814,300.

(2) For public works authorized by title II: Inside continental United States, \$105,701,300; outside continental United States, \$62,217,501.

(3) For public works authorized by title III: Inside continental United States, \$170,939,501; outside continental United States, \$37,200,163.

(4) For such emergency construction projects within and without the continental United States as may be authorized, under the direction of the Secretary of Defense, by the Secretary of the Army, \$9,000,000; by the Secretary of the Navy, \$6,000,000; and by the Secretary of the Air Force, \$10,000,000.

SEC. 403. The approximate cost of each project enumerated and authorized by titles I, II, and III of this act may, in the discretion of the Secretary concerned, be varied upward 5 percent, but the total cost of work for each title as authorized in section 402 shall not be exceeded.

SEC. 404. No family quarters shall be constructed under the authority of this act which are in excess of a net floor area of 1,080 square feet per unit.

SEC. 405. No family quarters shall be constructed under the authority of this act at (1) a cost per family unit in excess of \$14,000 for construction, including kitchen range, refrigerator, telephone, architectural and engineering services, and all contingencies, nor at (2) a cost per family unit in excess of \$2,500 for site development and outside utilities, including architectural and engineering services therefor and all contingencies: *Provided*, That the average cost of all the family quarters to be constructed under the authority of this act shall not exceed (1) \$13,000 per family unit for construction, including kitchen range, refrigerators, telephone, architectural and engineering services, and all contingencies, and (2) \$1,750 per family unit for site development and outside utilities, including architectural and engineering services therefor and all contingencies: *Provided further*, That when such units are constructed outside the continental United States, or in Alaska, the limitations on unit costs as specified in this section shall be applicable to the average cost of all units so constructed, and said average unit costs may each be increased by not more than 100 percent.

SEC. 406. Appropriations made to carry out the purposes of this act shall be available for expenses incident to construction, including administration, overhead planning and surveys, and shall be available until expended when specifically provided in the appropriation act.

SEC. 407. Any projects authorized herein may be prosecuted under direct appropriations, or authority to enter into contracts in lieu of such appropriations.

SEC. 408. (a) There is hereby rescinded, as of December 31, 1949, any authority conferred by any act of Congress enacted prior to the beginning of the Eightieth Congress to proceed with any project or projects for the establishment or development of military, naval, or air force installations and facilities by the construction, installation, or equipment of temporary or permanent public works, unless funds to be used for the exercise of such authority have been appropriated on or before December 31, 1949.

(b) The Secretary of Defense is authorized and directed to make a report to the Congress at the beginning of the first session of the Eighty-second Congress, and at the beginning of the first session of each succeeding Congress, listing all projects for the establishment or development of military, naval, or air-force installations and facilities by the construction, installation, or equipment of temporary or permanent public works which have been authorized by the Congress subsequent to the beginning of the Eightieth Congress and for which adequate funds for the completion thereof have not been appropriated. The report shall include any recommendations which the Secretary of Defense deems appropriate with respect to the rescission of all, or any portion, of the authority to proceed with any such project.

(c) Nothing in subsections (a) and (b) of this section shall be deemed to relate to any project authorized to be prosecuted by the Department of the Army in the exercise of the civilian functions of the Corps of Engineers.

With the following committee amendment:

Strike out all after the enacting clause and insert the following:

"TITLE I

"Sec. 101. The Secretary of the Army, under the direction of the Secretary of Defense, is hereby authorized to establish or develop military installations and facilities by the construction, installation, or equipment of temporary or permanent public works, including buildings, facilities, appurtenances, and utilities, as follows:

"CONTINENTAL UNITED STATES

"Aberdeen Proving Ground, Md.: Climatic testing facilities, air to ground rocket firing research facilities, high explosives loading and disassembly facilities, and compressor building for supersonic wind tunnel, \$2,930,000.

"Arlington Hall, Va.: Extension between wings 1 and 2, building No. 450, extension of wing No. 1, building No. 450, \$94,000.

"Army Medical Center, D. C.: Reconstruction of heating plant, \$350,000.

"Army-Navy General Hospital, Arkansas: Ground storage water reservoir, \$65,000.

"Army chemical center, Maryland: Process laboratory, radiological 'cold' laboratory, low temperature test chambers, experimental loading and filling building, test chamber for aerosols, radiological 'hot' laboratory, protective equipment laboratory, explosion test chamber, collective protector and air filter laboratory, facilities for assembly of clusters and fire bombs, high pressure laboratory, storage building for radiological equipment laboratory for radiological defense school, \$2,861,000.

"Army receiving station, La Plata, Md.: Family quarters and utilities barracks, receiving building, powerhouse, and garage, \$634,500.

"Army transmitting station, District of Columbia area: Improve roads, land acquisition, power facilities, powerhouse and garage, telephone facilities, transmitter building, barracks, family quarters, and utilities, \$1,285,500.

"Fort Belvoir, Va.: Communications building, \$118,000.

"Benicia Arsenal, Calif.: Improvements to water system, \$243,800.

"Fort Benning, Ga.: Family quarters and utilities, repair shops, magazines, storage facilities, administration building, gasoline station and pump house, central heating plant, lavatory building, target house, \$6,414,000.

"Black Hills Ordnance Depot, S. Dak.: Family quarters and utilities, improvements to water system, \$249,000.

"Fort Bliss, Tex.: Family quarters and utilities, \$432,000.

"Fort Bragg, N. C.: Family quarters and utilities, \$6,686,000.

"Brooklyn Army Base, N. Y.: Fire protection of piers, \$150,000.

"California Institute of Technology, Calif.: Test cells, hazardous propellant storage, construction, modification, and relocation of facilities, \$685,000.

"Deseret Chemical Depot, Utah: Family quarters and utilities, barracks, \$497,700.

"Camp Detrick, Md.: Family quarters and utilities, civilian dormitory, decontamination facilities, munitions building, aerobiological building, basic science building, meteorological building, pilot plant for crop studies, surveillance building, storage facilities, maintenance shops, research and development laboratory, central boiler plant, plant science building, bacteriological development laboratory, agent control laboratory, animal breeding facilities, animal barn and corral, medical-veterinary laboratory, soils preparation building, \$6,185,500.

"Fort Dix, N. J.: Family quarters and utilities, \$924,000.

"Dugway Proving Ground, Utah: Technical, administrative, and community facilities, family quarters, bachelor officers' quarters, barracks, and utilities, \$10,000,000.

"Sault Ste. Marie, Mich.: Housing, administrative, operational and community facilities and utilities, \$1,000,000.

"Camp Hood, Tex.: Family quarters and utilities, battalion motor park, highway bridge, improvements to water system, \$9,100,000.

"Fort Knox, Ky.: Family quarters and utilities, \$924,000.

"Camp Lee, Va.: Family quarters and utilities, \$3,135,000.

"Fort Lewis, Wash.: Family quarters and utilities, removal of structures and relocation of post office and finance building, telephone exchange building, \$4,793,000.

"Lima Ordnance Depot, Ohio: Connection with city water supply and utilities, \$90,000.

"Malta Test Station, N. Y.: Additional garage space, additions to electrical distribution system; Quonset huts and platforms; fencing, drainage, roads, fire lanes and clearings, vehicle storage sheds, well, pump and water distributing system, addition to test structure No. 6, chemical test structure and test cells, oxygen pump and turbine test buildings, extension of nitrogen and oxygen gas lines to pits 1 and 2 and chemical pit, fire-alarm system, increase storage for new type fuels, stockroom addition, extension engineering and laboratory building, water pipe wall for pits 3 and 4, addition to ram jet structure, \$840,000.

"Marion Engineer Depot, Ohio: Sprinkler system, special storage facilities, \$533,000.

"Middletown, Calif.: Receiver, relay center, and utility buildings, access roads, clearing and grading, fencing, utilities and land acquisition, \$760,000.

"Midwest Chemical Depot, Ark.: Storage sheds, \$551,000.

"Fort Monmouth, N. J.: Family quarters and utilities, \$3,069,000.

"Muroc Air Force Base, Calif.: Improvement to range bombing facilities, \$144,000.

"Murphy General Hospital, Massachusetts: Family quarters and utilities, land acquisition, \$241,000.

"Navajo Ordnance Depot, Ariz.: Utilities for Navajo Village, \$225,000.

"Oliver General Hospital, Georgia: Family quarters and utilities, \$396,000.

"Picatinny Arsenal, N. J.: Construction of facilities for rocket development and test purposes and utilities (Loki project), \$260,000.

"Redstone Arsenal (Huntsville), Ala.: Chemical laboratory and administration-engineer buildings and rocket motor test stand; engineer building, administration building, laboratory buildings; four rocket motor test stands; storage facilities; flight test range; nitroglycerin plant; two temperature conditioning buildings; modification of eight buildings; modification of one building for machine shop; expansion and modification of utilities, roads, and fences; \$4,250,000.

"Fort Riley, Kans.: Underground magazines, family quarters, and utilities, \$143,000.

"Rossford Ordnance Depot, Ohio: Fireproofing of warehouses, \$500,000.

"St. Louis Medical Depot, Mo.: Modification of medical laboratory building, \$125,000.

"Schenectady General Depot, N. Y.: Base maintenance shop building facilities and utilities, \$749,000.

"Sharpe General Depot, Calif.: Equipment processing building, \$184,900.

"Hanford, Wash.: Housing, administrative, supply, community, operational and tactical facilities, site development, and utilities, \$8,000,000.

"Fort Sheridan, Ill.: Beach-erosion protection, \$150,000.

"Sierra Ordnance Depot, Calif.: Family quarters and utilities, \$165,000.

"Fort Sill, Okla.: Family quarters and utilities, control tower, \$660,000.

"Sioux Ordnance Depot, Nebr.: Family quarters and utilities, \$99,000.

"Tooele Ordnance Depot, Utah: Family quarters and utilities, \$132,000.

"Two Rock Ranch, California: Family quarters and utilities, \$231,000.

"Valley Forge General Hospital, Pennsylvania: Family quarters and utilities, enlarge sewage collection and pumping facilities, acquisition of land (30 acres), \$435,000.

"Vint Hill Farms, Virginia: Family quarters and utilities, \$759,000.

"White Sands Proving Ground, New Mexico: Family quarters and utilities; barracks, extension of field instrumentation, automotive maintenance shops, fuel stations, improvements to airfield facilities, meteorological station, refrigeration and ice plant, utilities shops, storage facilities, extension of water supply system and electric power system and bachelor officers' quarters, \$4,341,460.

"SPECIAL WEAPONS PROJECT

"Construction at classified installations, \$12,439,300.

"OUTSIDE CONTINENTAL UNITED STATES

"Alaska: Communications station, including housing, technical, administrative, operational, supply and community facilities, site development, and utilities, \$7,873,700.

"Eielson Air Force Base, Alaska: Petroleum terminal storage, clearing and site preparation, outside utilities, barracks, organizational maintenance shop, special maintenance shop, ordnance shop, roads, streets and walks, gasoline dispensing station, warehouse, parking areas, oil and grease storage, family quarters, ammunition storage, fire reporting telephone system, battalion headquarters and storage building, \$13,746,000.

"Ladd Air Force Base, Alaska: Clearing and site preparation, outside utilities, roads,

streets and walks, barracks including mess facilities, organizational maintenance shops, post exchange, gasoline dispensing facility, service club, battalion headquarters and supply building, infirmary, \$12,590,200.

"Fort Richardson, Alaska: Petroleum terminal storage and dock, water supply warehouses, heat and power plant, bachelor officers' quarters, family housing and utilities, outside utilities, organizational maintenance shops, barracks, engineer shops, roads, streets and walks, officers' mess, \$36,382,845.

"Whittier, Alaska: Central heat and power plant, composite bachelor housing, service and recreation building, \$3,131,000.

"Okinawa: General depot facilities, laundry, barracks, bachelor officers' quarters, family quarters and utilities, operations building, emergency power building and direction finder building, \$13,071,480.

"Helemano, Oahu, Hawaii: Land acquisition, \$5,000.

"TITLE II

"The Secretary of the Navy, under the direction of the Secretary of Defense, is hereby authorized to establish or develop naval installations and facilities by the construction, installation, or equipment of temporary or permanent public works, including buildings, facilities, appurtenances, and utilities as follows:

"CONTINENTAL UNITED STATES

"Naval Air Station, Alameda, Calif.: Jet overhaul building and accessories, \$950,000.

"Naval Research Laboratory, Anacostia, D. C.: Research laboratory building and accessories, correction of deficiencies to existing facilities, \$1,570,000.

"Naval Engineering Experiment Station, Annapolis, Md.: Submarine propulsion test facility, \$2,000,000.

"Naval Ammunition Depot, Bangor, Wash.: Mine assembly facilities, including buildings and accessory construction, \$1,000,000.

"Naval Command Operations Center, Training Center, First Naval District: Alterations for command operations center equipment, \$151,000.

"Naval training schools, Massachusetts Institute of Technology, Cambridge, Mass.: Combustion test and development facility, \$682,000.

"David Taylor Model Basin, Carderock, Md.: Alter 24-inch variable pressure water tunnel, wind tunnel and associated facilities, completion of 3-meter wind tunnel, free surface test facility, \$2,244,000.

"Marine Corps Air Station, Cherry Point, N. C.: Family quarters and utilities, \$1,765,500.

"Naval Proving Ground, Dahlgren, Va.: Interior ballistics measurements building, \$410,000.

"Marine depot of supplies, eastern United States: Depot facilities at a location to be determined, \$25,000,000.

"Marine Corps school, Quantico, Va.: Family quarters and utilities, \$2,475,000.

"Naval Ordnance Aerophysics Laboratory, Daingerfield, Tex.: Addition to test chamber to increase capacity of wind tunnel and additional laboratory facilities, \$364,500.

"Fleet Air Defense Training Center, Dam Neck, Va.: Expansion of present facilities, including roads, walks, generators, transformers, utilities, collateral equipment, auxiliary construction and facilities for administration, command operations center and radar, command operations center instruction, dispensary, barracks, galley and mess hall, bachelor officers' quarters, family quarters, storage, public works operations, garage, laundry, incinerator, sewage disposal, recreation, chapel, fire house and community services, \$18,693,000.

"Naval Ammunition Depot, Earle, N. J.: Mine assembly facilities, including buildings and accessory construction, \$1,100,000.

"Naval Training Center, Great Lakes, Ill.: Addition to main power plant, including

boilers and accessory construction, conversion of barracks to family quarters and utilities, \$1,575,000.

"Naval Ammunition Depot, Hawthorne, Nev.: Additional water-storage facilities, \$320,000.

"Naval Ordnance Test Station, Inyokern, Calif.: Morris Dam under-water test facilities, static firing facilities for liquid fuels, aerodynamics ballistic track range, ballistic ground ranges and additional instrumentation for and modification of guided missile range, ballistics range facilities, family quarters and utilities, \$10,992,000.

"Naval Air Station, Jacksonville, Fla.: Aircraft carrier berthing, turning basin and approach channel, Mayport, Fla., \$4,920,000.

"Naval Fuel Storage Facility, Jacksonville, Fla.: Acquisition and expansion of residual terminal facility, including tankage, pipelines, and accessory construction, \$3,175,000.

"Naval Air Development Station, Johnsville, Pa.: Extension of runways for jet operations, acquisition of aviation easements in runway approach zone, development and test facilities, \$5,253,500.

"Naval Station, Key West, Fla.: Dredging at submarine basin, \$739,000.

"Naval Aeronautical Rocket Laboratory, Lake Denmark, N. J.: Rocket test and development facilities, \$7,500,000.

"Marine Barracks, Camp Lejeune, N. C.: Family quarters and utilities, \$5,808,000.

"Naval Hospital, Camp Lejeune, N. C.: Family quarters and utilities (conversion), \$128,000.

"Camp Lejeune, N. C.: Construction of railroad spur from Camp Lejeune to Cherry Point, N. C., \$3,000,000.

"Naval Auxiliary Air Station, Miramar, Calif.: Aircraft maintenance hangar, parking utilities, services, and gasoline storage, \$2,230,000.

"Naval Postgraduate School, Monterey, Calif.: Facilities, including buildings, utilities, and accessory construction (second increment), \$11,000,000.

"Naval Submarine Base, New London, Conn.: Hydrogen peroxide storage facilities, \$60,000.

"Naval Base, Newport, R. I.: Acquisition of land on Conanicut Island for small-boat landings, \$9,000.

"Naval Base, Newport, R. I.: Sewage facilities, \$1,243,000.

"Naval Air Station, Norfolk, Va.: Test cells for turbine engines, \$485,000.

"Headquarters, Commander in Chief, Atlantic Fleet, Norfolk, Va.: Combined anti-submarine warfare plot and administration building, \$650,000.

"Naval Communication Station, Norfolk, Va.: Communication facilities for Headquarters, Commander in Chief, Atlantic Fleet, \$11,650,000.

"Naval Air Test Center, Patuxent River, Md.: Family quarters and utilities, installation of slotted cylinder catapult and arresting gear, \$1,885,500.

"Naval Air Station, Pensacola, Fla.: Improvement of power plant and electrical distribution system, \$3,960,000.

"Naval Electronics Laboratory, Point Loma, Calif.: Laboratory supply and utility buildings, including services and accessories, \$3,450,000.

"Naval Civil Engineering and Evaluation Laboratory, Naval Construction Battalion Center, Port Hueneme, Calif.: Laboratory building and associated facilities, \$450,000.

"Naval Air Station, Quonset Point, R. I.: Completion of two engine test cells, \$300,000.

"Naval Air Station, San Diego, Calif.: Turbo prop engine test cells, \$530,000.

"Special Devices Center, Sands Point, Long Island, N. Y.: Acquisition of land and buildings, \$350,000.

"Naval Shipyard, San Francisco, Calif.: Conversion of building No. 351 for radiological laboratory, \$1,000,000.

"Naval Communications Station, Skaggs Island, Calif.: Family quarters and utilities, \$495,000.

"Thirteenth Naval District: Radio direction finder facilities for supplementary communication requirements, \$211,000.

"Twelfth Naval District: Vacuum system housing at naval ordnance activity, \$85,000.

"Naval Air Station, Whidbey Island, Wash.: Acquisition of rocket target range (314.62 acres), \$35,800.

"Naval Ordnance Laboratory, White Oak, Md.: Model test tank, ballistics laboratory, \$1,540,000.

"Navy Communication Station, Winter Harbor, Maine: Addition to radio operating building, permanent remote-control high-frequency direction-finder facilities, family quarters and utilities, \$509,000.

"Fort Lauderdale, Fla.: Advanced under-sea warfare school, \$275,000.

"Various locations: Additional aviation fuel storage to support jet operations, \$5,000,000. Extension of runways for jet operations at naval air station, Alameda, Calif.; Marine Corps air station, Cherry Point, N. C.; Marine Corps air station, El Toro, Calif.; naval air station, Norfolk, Va.; naval auxiliary air station, Oceana, Va.; and/or at such stations as changes in strategic dispositions indicate, \$8,190,000.

"OUTSIDE CONTINENTAL UNITED STATES

"Fourteenth Naval District: Communication control links, including equipment and land, \$527,000.

"Navy communication supplementary activity, Guam: Permanent facilities for communication supplementary activities, interim operating building and accessory construction, \$3,870,000.

"Naval Supply Center, Guam: Additional petroleum-storage facilities, \$14,200,000.

"Agana Naval Air Station, Guam: Water, electric, and sanitary systems, \$1,850,000.

"Naval Operating Base, Guam: Extension of power generation, transmission and distribution system; water supply and distribution system; family housing and completion of civil-service bachelor quarters, \$21,936,000.

"Oahu, Hawaii: Acquisition of part of Oahu Railroad, \$1.

"Naval Operating Base, Kwajalein: Water supply and distribution, power plant and water distillation, refrigerated storage, sewage-disposal system, barracks, mess and galley, \$5,958,000.

"Argentina, Newfoundland: Permanent communication facility, family quarters and utilities (conversion), \$3,193,000.

"Pacific: Naval government facilities in trust territories, \$1,000,000.

"Roosevelt Roads, Puerto Rico: Acquisition of land (4,170 acres), \$330,000.

"Naval Station, Tutuila Island, Samoa: Acquisition of land (11 acres), \$3,500.

"Construction at classified installations, \$23,316,000.

"Various: Additional communications facilities, \$1,000,000. Aviation-gas storage (190,000 barrels), \$3,350,000.

"TITLE III

"The Secretary of the Air Force, under the direction of the Secretary of Defense, is hereby authorized to establish or develop installations and facilities by the construction, installation, or equipment of temporary or permanent public works, including buildings, facilities, appurtenances, and utilities, as follows:

"CONTINENTAL UNITED STATES

"Bakersfield, Calif.: Purchase and rehabilitation of Mohawk Oil Co. plant, including land, \$141,000.

"Bergstrom Air Force Base, Austin, Tex.: Family quarters and utilities, \$1,551,000.

"Barksdale Air Force Base, Shreveport, La.: Jet fuel storage and dispensing facilities, \$1,500,000.

"Biggs Air Force Base, El Paso, Tex.: Additional aviation-fuel storage and airfield pavements, family quarters and utilities, and water wells, \$4,787,000.

"Campbell Air Force Base, Hopkinsville, Ky.: Control tower and security fence, family quarters and utilities, \$496,000.

"Castle Air Force Base, Merced, Calif.: Airfield pavements, land for runway extension and aviation-fuel storage facilities, family quarters and utilities, \$6,171,000.

"Davis-Monthan Air Force Base, Ariz.: Family quarters and utilities, \$2,244,000.

"Air Force base, Savannah, Ga.: Facilities, barracks, quarters and utilities, pavements and storage, \$1,275,000.

"Eglin Air Force Base, Fla.: Family quarters and utilities, construction of armament center and related facilities including engineering building, hangar, warehouse, armament facilities, ramps, roads and taxiways, modification and improvements of range and ammunition area, ammunition and inspection plant, and addition to measurement and analysis building, and railroad, \$10,983,250.

"Ellington Air Force Base, Houston, Tex.: Celestial navigation training buildings, \$57,000.

"Fairfield-Suisun Air Force Base, Calif.: Family quarters and utilities, airfield pavements, \$3,380,800.

"Great Falls Air Force Base, Great Falls, Mont.: Aviation fuel storage facility and airfield pavements, family quarters and utilities, barracks, \$8,321,000.

"Hamilton Air Force Base, San Rafael, Calif.: Aviation fuel storage facilities, family quarters and utilities, \$1,792,000.

"Holloman Air Force Base, Alamogordo, N. Mex.: Instrumentation building, telephone circuits to instrumentation sites, utilities, conversion of electrical distribution system, water supply and storage facilities, missile assembly buildings, photo laboratory, commissary, sales store and warehouse, tracking device (telemetering and radar), access trails in range area, technical building, family quarters and utilities, upper atmosphere research station, \$7,679,725.

"Hood Air Force Base, Temple, Tex.: Family quarters and utilities, operation building, control tower and fire crash station, night lighting, transformer building, fuel storage, oil storage, electrical distribution system, gas mains, water mains, sewage-disposal facilities, grading and seeding, roads and parking areas, gate house, obstruction lighting, airfield pavement, \$2,309,467.

"Kelly Air Force Base, San Antonio, Tex.: Addition to sewage-disposal plant, \$255,170.

"Kirtland Air Force Base, Albuquerque, N. Mex.: Family quarters, utilities, and barracks, \$2,062,000.

"Lackland Air Force Base, San Antonio, Tex.: Water well, \$77,000.

"Langley Air Force Base, Hampton, Va.: Jet fuel storage and dispensing facilities, \$486,000.

"Limestone Air Force Base, Limestone, Maine: Family quarters and utilities, barracks, aviation fuel storage facilities, heating plant and extension to existing heating facilities, warehouses, maintenance shops, fire and crash station, bomb handling and storage facilities, airfield pavements, oil storage facilities, commissary, nose hangars, training school building, utilities, roads and parking areas, administrative telephone system, communications and electronic facilities, railroad, refrigeration plant, recreation facility, school, motor pool, \$27,799,200.

"MacDill Air Force Base, Tampa, Fla.: Aviation fuel storage facilities and airfield pavements, family quarters and utilities, \$4,412,000.

"McChord Air Force Base, Tacoma, Wash.: Jet fuel storage and dispensing facilities, runway extension and taxiway, \$573,337.

"McGuire Air Force Base, Trenton, N. J.: Jet fuel storage and dispensing facilities, \$300,000.

"March Air Force Base, Riverside, Calif.: Family quarters and utilities, \$528,000.

"Moses Lake Air Force Base, Moses Lake, Wash.: Barracks, family quarters and utilities, hospital, bachelor officers' quarters, operations building and control tower, crash fire station, \$8,155,000.

"Mount Washington Weather Station, New Hampshire: Climatic projects laboratory, \$363,600.

"Muroc Air Force Base, Calif.: Quartermaster warehouse, experimental parachute facilities, electrical system, land for base expansion, unconventional fuel storage, water system, radar and telemetering station, hangars, pavements, runway and taxiway, warehouses and railroad spur, hangar shop and warehouse, rocket static test facilities, barracks, family quarters and utilities, \$23,957,580.

"Norwalk, Calif.: Rehabilitation and provision of additional operating facilities, purchase of Wilshire and Sunset Oil Company plants, \$767,000.

"Offutt Air Force Base, Omaha, Nebr.: Reconstruction of barracks for troop housing, \$300,000.

"Otis Air Force Base, Falmouth, Mass.: Aviation fuel storage facilities and hangar, \$1,150,000.

"Panama City, Fla.: Purchase and rehabilitation of Panama City Oil Company plant, \$527,339.

"Rapid City Air Force Base, Rapid City, S. Dak.: Family quarters and utilities, high speed refueling system, airfield night lighting and hazard removal, \$3,952,100.

"Scott Air Force Base, Belleville, Ill.: Land acquisition, family quarters, and utilities, \$1,167,000.

"Selfridge Air Force Base, Mount Clemens, Mich.: Aviation fuel storage facilities and airfield pavements, \$600,000.

"Spokane Air Force Base, Spokane, Wash.: Purchase of land, airfield pavements, aviation fuel storage facilities, and barracks, \$6,645,000.

"St. Louis, Mo.: Renovation of building for aeronautical chart service and moving of equipment, \$1,500,000.

"Tacoma, Wash.: Purchase and rehabilitation of General Petroleum Corporation terminal numbered 2 facilities, \$200,000.

"Walker Air Force Base, Boswell, N. Mex.: Aviation fuel storage facilities, airfield pavements, family quarters and utilities, \$6,672,000.

"Westover Air Force Base, Chicopee Falls, Mass.: Family quarters and utilities, \$1,584,000.

"Williams Air Force Base, Chandler, Ariz.: Family quarters and utilities, \$1,584,000.

"Wright-Patterson Air Force Base, Dayton, Ohio: Structure branch storage, addition to electrical distribution system for engineering laboratory building, modification to shop and office (wind tunnel building 24C), addition to film storage building, compass test building, modification of wind tunnel (building 24B), addition to radar test building, high-powered electric whirlrig, extension to electric system, coal-handling facilities (area C), extension to engineer shops, vibration test building, \$3,340,010.

"Location to be determined: Additional strategic bulk petroleum storage facilities, \$14,200,000; facilities for storage and repair of rocket motors, including storage facilities for unconventional fuels, \$1,000,000; facilities for Air Force Security Service, \$5,802,900; classified facilities, \$580,000.

"Various locations: Conversion of engine overhaul and test facilities, \$7,990,000; airways navigational aids and communications facilities, \$11,627,415; repair and replacement of airfield lighting, \$1,000,000; facilities for storage and dispensing of unconventional fuels, \$2,000,000.

"OUTSIDE CONTINENTAL UNITED STATES

"Alaska: Warm-up shelters for aircraft, \$700,000.

"Etelson Air Force Base, Alaska: Utilities, utilidor and tie-in to new power plant, power

and steam plant, family quarters and utilities, aviation gasoline storage and dispensing facilities, airfield pavements, \$11,213,320.

"Elmendorf Air Force Base, Fort Richardson, Alaska: Outside utilities, warm storage for vehicles, \$1,191,746.

"Ladd Air Force Base, Fairbanks, Alaska: Family quarters and utilities, barracks and outside utilities, \$11,283,000.

"Lagens Field, Azores: Fuel unloading facilities, water supply and distribution facilities, \$2,332,000.

"Kindley Air Force Base, Bermuda: Completion of bridge \$600,000.

"Johnston Island Air Force Base: Petroleum storage facilities, salt water flushing system, fresh water supply system, airfield lighting, dock repair and replacement, electrical distribution system, electric power plant, communications facilities, \$2,031,000.

"Goose Bay Airport, Labrador: Aviation gasoline storage and dispensing facilities, high-speed refueling facilities, \$3,050,000.

"Wheeler Field, Libya: Water supply and distribution facilities, \$325,000.

"Dhahran Air Transport Station, Saudi Arabia: Additional facilities, \$4,500,000.

"Various locations: Weather broadcast and point-to-point communications facilities, \$1,701,613; northeast Loran chain, \$2,850,000; ground-control-approach facilities, \$433,760; air-ground radio stations, \$2,076,592; three multichannel single-side-band stations, \$4,180,131; radar set facilities, \$331,000; demountable or low-cost family housing, \$4,800,000; instrument landing system, \$150,000; facilities for Air Force Security Service, \$1,670,000; classified facilities, \$1,000,000.

"TITLE IV

"GENERAL PROVISIONS

"Sec. 401. To accomplish the above-authorized construction the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force, under the direction of the Secretary of Defense, are authorized to acquire lands and rights pertaining thereto, or other interests therein, including the temporary use thereof, by donation, purchase, exchange of Government-owned lands, or otherwise, without regard to section 3648, Revised Statutes, as amended. When necessary, the Secretary of the Army, under the direction of the Secretary of Defense, is authorized to commence construction authorized in title I hereof for a single special weapons project prior to approval of title to such lands by the Attorney General as required by section 355, Revised Statutes, as amended.

"Sec. 402. There is hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, such sums of money as may be necessary for the purpose of this act, but not to exceed:

"(1) For public works authorized by title I: Inside continental United States, \$87,800,300; outside continental United States, \$87,301,225; special weapons project, \$12,439,300.

"(2) For public works authorized by title II: Inside continental United States, \$158,003,800; outside continental United States, \$85,533,501.

"(3) For public works authorized by title III: Inside continental United States \$200,855,893; outside continental United States, \$56,469,162.

"Sec. 403. The approximate cost of each project enumerated and authorized by titles I, II, and III of this act may, in the discretion of the Secretary concerned, be varied upward 5 percent, but the total cost of work for each title as authorized in section 402 shall not be exceeded.

"Sec. 404. No family quarters shall be constructed under the authority of this act which are in excess of a net floor area of 1,080 square feet per unit.

"Sec. 405. No family quarters shall be constructed under the authority of this act at (1) a cost per family unit in excess of

\$14,000 for construction, including kitchen range, refrigerator, telephone, architectural and engineering services, and all contingencies, nor at (2) a cost per family unit in excess of \$2,500 for site development and outside utilities, including architectural and engineering services therefor and all contingencies: *Provided*, That the average cost of all the family quarters to be constructed under the authority of this act shall not exceed (1) \$13,000 per family unit for construction, including kitchen range, refrigerators, telephone, architectural and engineering services and all contingencies; and (2) \$1,750 per family unit for site development and outside utilities, including architectural and engineering services therefor and all contingencies: *Provided further*, That the foregoing limitations shall apply only to family quarters constructed inside continental United States without regard to cost of family quarters constructed elsewhere, and when family quarters are constructed outside continental United States, or in Alaska, unit costs and average costs thereof for construction, including kitchen range, refrigerator, telephone, site development and outside utilities, architectural and engineering services, and all contingencies shall be limited to \$33,000 and \$29,500, respectively.

"Sec. 406. Appropriations made to carry out the purposes of this act shall be available for expenses incident to construction, including administration, overhead planning and surveys, and shall be available until expended when specifically provided in the appropriation act.

"Sec. 407. Any projects authorized herein may be prosecuted under direct appropriations, or authority to enter into contracts in lieu of such appropriations.

"Sec. 408. (a) There is hereby rescinded, as of December 31, 1949, any authority conferred by any act of Congress enacted prior to the beginning of the Eightieth Congress to proceed with any project or projects for the establishment or development of military, naval, or Air Force installations and facilities by the construction, installation, or equipment of temporary or permanent public works, unless funds to be used for the exercise of such authority have been appropriated on or before December 31, 1949.

"(b) The Secretary of Defense is authorized and directed to make a report to the Congress at the beginning of the first session of the Eighty-second Congress, and at the beginning of the first session of each succeeding Congress, listing all projects for the establishment or development of military, naval, or Air Force installations and facilities by the construction, installation, or equipment of temporary or permanent public works which have been authorized by this Congress subsequent to the beginning of the Eightieth Congress and for which adequate funds for the completion thereof have not been appropriated. The report shall include any recommendations which the Secretary of Defense deems appropriate with respect to the rescission of all, or any portion, of the authority to proceed with any such project.

"(c) Nothing in subsections (a) and (b) of this section shall be deemed to relate to any project authorized to be prosecuted by the Department of the Army in the exercise of the civilian functions of the Corps of Engineers."

Mr. VINSON. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VINSON: On page 50, line 4, strike out lines 4 to 6, inclusive, and insert:

"Sec. 404. (a) Nothing contained in this act shall be construed to authorize the construction of family quarters or the conversion of existing structures to family quarters at any of the localities mentioned in titles I, II,

and III of this act under the heading 'Continental United States.'

"(b) No family quarters shall be constructed under the authority of this act outside continental United States which are in excess of a net floor area of 1,080 square feet per unit."

Mr. VINSON. Mr. Speaker, this is the amendment I called to the attention of the House during the debate on the resolution. This fixes it so that under no authorization in this bill can any family quarters be built in continental United States.

Mr. MANSFIELD. Mr. Speaker, will the gentleman yield?

Mr. VINSON. With pleasure.

Mr. MANSFIELD. I am very much interested in the authorization for aviation fuel storage facility and air field pavements and family quarters and utilities, barracks, at the Great Falls Air Force Base, Great Falls, Mont., which appears on page 42, lines 15 to 17.

Mr. VINSON. This amendment on page 42 strikes out \$8,321,000 and inserts \$4,361,000. The latter figure will be the amount of money that will still be spent at that place, because under this amendment we are eliminating family quarters in continental United States and are using the Wherry bill. We hope that the Wherry bill will build these quarters instead of the Government building them.

Mr. MANSFIELD. I want to call the gentleman's attention to the fact that the Great Falls Air Base, while the most important airfield in the United States because of its connection with Alaska, is at the present time a firetrap, and certainly has nothing in the way of family quarters for its personnel, and something must be done to give these people assistance.

Mr. VINSON. We are going to do something for those people, but we are not going to do it by a downright appropriation. We are going to do it by setting up a housing program under the Wherry bill. Some 74,000 units are planned today under the Wherry bill. The average cost under the Wherry bill will run around \$9,000 or \$10,000. Under this bill, as they presented it to us in the first instance the average total cost would be around \$14,750. We hope to get Wherry quarters at nearly every installation in the United States to replace the ones we have deleted here, but we will build them by private enterprise instead of at the expense of the taxpayers. The gentleman can rest assured that just as soon as the Air Force will map out its housing program, it will be offered to the contractors to build under the Wherry bill.

Mr. MANSFIELD. I thank the gentleman.

Mr. D'EWARD. Mr. Speaker, will the gentleman yield?

Mr. VINSON. I yield to the gentleman from Montana.

Mr. D'EWARD. The situation at Great Falls is serious, as my distinguished colleague has pointed out.

Mr. VINSON. That is right, and the same thing exists in a great many other places.

Mr. D'EWARD. Can the gentleman give me the present status of the Wherry bill?

Mr. VINSON. Well, the status of the Wherry bill is that the Department established a uniform method of procedure as a result of recent amendments to the Wherry bill, and each one of the armed services is going forward with a building program as fast as possible. Some 54,000 units have already cleared through the Department of Defense and returned to the services. The services will get clearance as rapidly as possible from FHA. So, we are going to build Armed Services houses for everybody as fast as it is possible to do so, but not at the expense of the taxpayer. They are going to be built by private enterprise. And, I might say that private enterprise is going to make a great deal of money out of it, because there is money in it.

Mr. D'EWARD. Can the gentleman tell me how much the Wherry bill will reduce this sum of \$8,321,000?

Mr. VINSON. This item originally provided for an expenditure of \$8,321,000, and that has been reduced to \$4,361,000, and the difference went into the construction of family quarters there.

Mr. D'EWARD. I thank the gentleman.

Mr. HOLMES. Mr. Speaker, will the gentleman yield?

Mr. VINSON. I yield to the gentleman from Washington.

Mr. HOLMES. I am very much interested in the paragraph on page 44, lines 14 to 17, inclusive, which refers to the Moses Lake Air Force Base, at Moses Lake, Wash. Will the gentleman give me the statistics on that?

Mr. VINSON. I have it here. Page 44, line 15, strike out "family quarters" and in line 17 strike out "\$8,155,000" and insert "\$4,195,000".

Mr. HOLMES. Will that money be administered under the Wherry Act?

Mr. VINSON. No, the gentleman has it wrong. There is nothing in here relating to the Wherry Act.

The SPEAKER pro tempore. The time of the gentleman from Georgia has expired.

Mr. VINSON. Mr. Speaker, I ask unanimous consent to proceed for five additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. VINSON. The Wherry Act is already on the statute books and is being administered separately. By the amendment I have offered we are leaving out all family quarters in continental United States. I am merely saying that with proper attention by the military services the Wherry bill will take the place of the family quarters in this bill.

Mr. HOLMES. The new figure, then, with the committee amendment on page 44, line 17, will be what?

Mr. VINSON. Four million one hundred and ninety-five thousand dollars will be available for other expenditures at that place.

Mr. HOLMES. Instead of the \$8,155,000?

Mr. VINSON. That is right, there will be an authorization of \$4,195,000. With the family quarters in it, there is an authorization of \$8,155,000.

Mr. HOLMES. The gentleman said that under the Wherry Act family quarters will be taken care of?

Mr. VINSON. Wherry units will be built as fast as the contractors in this country can build them, as fast as they can go forward with it. The Government will get out for the time being and give private enterprise an opportunity to build these houses.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. VINSON. I yield to the gentleman from Iowa.

Mr. GROSS. What is the total amount proposed to be spent under this bill?

Mr. VINSON. The bill, as amended, will authorize \$580,000,000. The bill as reported was for \$688,000,000. We saved the difference of \$108,000,000.

Mr. GROSS. In the building of these family quarters. That is for both officers and enlisted men; is that correct?

Mr. VINSON. That is right.

Mr. GROSS. How does that balance out?

Mr. VINSON. A great many of them would be for officers and a great many of them would be for enlisted men. Under the law, they get family allowances. It starts at \$67.50 for an enlisted man. He gets that much rental allowance each month. As he goes on up in rank it increases to \$150 a month for a general officer. When the Government provides military quarters, he does not get that allowance, but when the Government does not build a house and somebody else under the Wherry bill builds a house, then he gets his allowance and pays whatever the rent may be in such private quarters as he may obtain.

Mr. GROSS. But these quarters are for rental purposes, are they not?

Mr. VINSON. There is nothing in here for rental quarters, except for barracks and bachelor quarters. There is no housing for families at all.

Mr. GROSS. The rest is built for sale.

Mr. VINSON. There is nothing in here for sale. The Wherry bill has no relation to this bill at all. I am merely saying that we are urging the use of the Wherry bill instead of the Government's getting the money out of the Treasury and building the family quarters.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. VINSON. I yield.

Mr. MILLER of Nebraska. Can the gentleman tell us how much money in the bill might be earmarked for Okinawa and Guam?

Mr. VINSON. For outside continental United States? We break it down this way.

Mr. MILLER of Nebraska. The reason I asked is that my experience in Guam and Okinawa last November with the committee was that housing was badly needed there for the personnel, either barracks or housing of some other kind.

Mr. VINSON. There will be about \$19,500,000 worth of family quarters for Alaska.

Mr. MILLER of Nebraska. How much for Okinawa?

Mr. VINSON. Several million dollars for the construction of concrete and steel houses which will withstand the

120-mile-per-hour winds that occur at Okinawa.

In overseas areas, exclusive of Alaska, there will be approximately \$13,500,000 for family quarters.

Mr. HORAN. Mr. Speaker, will the gentleman yield?

Mr. VINSON. I yield.

Mr. HORAN. This is an authorization bill, is it not?

Mr. VINSON. That is correct.

Mr. HORAN. It is not an appropriation bill.

Mr. VINSON. That is correct.

Mr. HORAN. Would it be considered proper by the committee to have placed in the RECORD a list of the adjusted figures or do I understand that all of the adjustments will be listed in the amendments?

Mr. VINSON. Yes, I will offer that amendment, just as soon as we dispose of the pending amendment.

Mr. HORAN. I believe it should be made completely clear that this is an authorization bill and not an appropriation.

Mr. VINSON. That is correct. This is an authorization bill.

Mr. SCRIVNER. Mr. Speaker, will the gentleman yield?

Mr. VINSON. I yield.

Mr. SCRIVNER. Over what period of time is this proposed construction expected to extend?

Mr. VINSON. It might extend as much as 5 years. Of course conditions may change, and the departments may not ask for a great many of these installations which they are asking for today. We have to have this authorization so that the military departments can make some sensible plans for their future operations.

Mr. SCRIVNER. Therefore, during the next 3 to 5 years these specific items will be presented by the military to the Committee on Appropriations for action by that committee?

Mr. VINSON. That is correct. They will take the most important ones here and ask for money for that, and in that way the matter will be considered specifically.

Mr. Speaker, if there is no further debate on the amendment, I ask for a vote.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Georgia [Mr. VINSON], to the committee amendment.

The amendment was agreed to.

Mr. VINSON. Mr. Speaker, I offer a series of amendments striking out "family quarters and utilities" and reducing the amount for family quarters. There are some 50 changes to be made in that respect, and I ask unanimous consent that the amendments may be considered en bloc, and be printed in the RECORD at this point.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The amendments are as follows:

Amendments offered by Mr. VINSON to the committee amendment:

On page 26, lines 19 and 20, strike out "family quarters and utilities," and in line 21, strike out "\$634,500" and insert "\$5,500."

On page 26, line 25, strike out "family quarters," and strike out "\$1,285,500" and substitute "\$1,186,500."

On page 27, line 5, strike out "family quarters and utilities," and in line 8 strike out "\$6,414,000" and substitute "\$210,000."

On page 27, lines 9 and 10, strike out "family quarters and utilities," and in line 11, strike out "\$249,000" and substitute "\$150,000."

On page 27, strike out lines 12, 13, 14, and 15.

On page 27, lines 21 and 22, strike out "family quarters and utilities," and strike out "\$497,700" and substitute "\$266,700."

On page 27, line 23, strike out "family quarters and utilities," and on page 28, line 7, strike out "\$6,185,500" and substitute "\$5,822,500."

On page 28, strike out lines 8 and 9.

On page 28, line 11, strike out "family quarters," and in line 12, strike out "\$10,000,000" and substitute "\$8,695,300."

On page 28, line 16, strike out "family quarters and utilities," and in line 18, strike out "\$9,100,000" and insert "\$718,000."

On page 28, strike out lines 19, 20, 21, and 22.

On page 28, line 23, strike out "family quarters and utilities," and in line 25, strike out "\$4,793,000" and substitute "\$272,000."

On page 29, strike out lines 21 and 22.

On page 30, strike out lines 1 and 2 and 5 and 6.

On page 30, lines 18 and 19, strike out "family quarters, and utilities," and strike out "\$143,000" and substitute "\$44,000."

On page 31, line 3, strike out "Housing," and in line 5, strike out "\$8,000,000" and substitute "\$6,551,343."

On page 31, strike out lines 8 through 22, inclusive.

On page 31, lines 23 and 24, strike out "Family quarters and utilities," and on page 32, line 4, strike out "\$4,341,400" and substitute "\$2,460,400."

On page 32, line 6, strike out "\$12,439,300" and substitute "\$2,258,800."

On page 34, strike out lines 18 and 19 and lines 24 and 25.

On page 35, line 10, strike out "family quarters," and on line 13, strike out "\$18,693,000" and substitute "\$18,541,719."

On page 35, lines 19 and 20, strike out "conversion of barracks to family quarters and utilities" "\$1,575,000", and insert "\$650,000."

On page 36, line 3, strike out "family quarters and utilities, \$10,992,000", and insert "\$9,160,000."

On page 36, strike out lines 19, 20, 21, and 22.

On page 37, lines 21 and 22, strike out "Family quarters and utilities," and in line 23, strike out "\$1,885,500" and insert "\$1,110,000."

On page 38, strike out lines 16 and 17.

On page 39, lines 5 and 6, strike out "family quarters and utilities, \$509,000", and insert "\$410,000."

On page 41, strike out lines 11 and 12.

On page 41, lines 16 and 17, strike out "family quarters and utilities," and strike out "\$4,787,000", and insert "\$3,203,000."

On page 41, lines 19 and 20, strike out "family quarters and utilities, \$496,000", and insert \$100,000."

On page 41, line 23, strike out "family quarters and utilities, \$6,171,000", and insert "\$4,587,000."

On page 41, strike out lines 24 and 25.

On page 42, lines 4 and 5, strike out "Family quarters and utilities," and in line 10, strike out "\$10,983,250", and insert "\$9,399,250."

On page 42, strike out lines 13 and 14.

On page 42, lines 16 and 17, strike out "family quarters and utilities," and in line 17, strike out "\$8,321,000", and insert "\$4,361,000."

On page 42, lines 19 and 20, strike out "family quarters and utilities, \$1,792,000", and insert "\$1,000,000."

On page 43, lines 2 and 3, strike out "family quarters and utilities," and in line 3, strike out "\$7,679,725", and insert "\$3,719,725."

On page 43, lines 4 and 5, strike out "Family quarters and utilities," and in line 10, strike out "\$2,309,467", and insert "\$1,913,467."

On page 43, line 14, strike out "Family quarters," and strike out "\$2,062,000", and insert "\$1,270,000."

On page 43, lines 19 and 20, strike out "Family quarters and utilities," and on page 44, line 3, strike out "\$27,799,200", and insert "\$24,631,200."

On page 44, lines 5 and 6, strike out "family quarters and utilities, \$4,412,000", and insert "\$2,828,000."

On page 44, strike out lines 12 and 13.

On page 44, line 15, strike out "family quarters and utilities," and in line 17, strike out "\$3,155,000", and insert "\$4,195,000."

On page 45, line 2, strike out "family quarters and utilities, \$28,957,580", and insert "\$27,373,580."

On page 45, line 13, strike out "Family quarters and utilities," and in line 14, strike out "\$3,952,100", and insert "\$1,576,100."

On page 45, strike out lines 15 and 16.

On page 46, lines 5 and 6, strike out "family quarters and utilities, \$6,672,000", and insert "\$3,504,000."

On page 46, strike out lines 7, 8, 9, and 10.

The amendments to the committee amendment were agreed to.

Mr. VINSON. Mr. Speaker, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. VINSON to the committee amendment: On page 50, beginning with line 7, strike out all of section 401, and insert a new section, as follows:

"Sec. 405. When family quarters are constructed outside continental United States, or in Alaska, unit cost and average cost thereof for construction, including kitchen range, refrigerator, telephone, site development and outside utilities, architectural and engineering services, and all contingencies shall be limited to \$33,000 and \$29,500, respectively."

Mr. SHORT. Mr. Speaker, as my esteemed chairman has already pointed out, our committee has not disturbed the authorizations in this bill for the construction of family quarters outside the continental limits of the United States. Before discussing the merits of the situation, I would like to point out that the bill specifically provides family housing authorizations for Guam, Newfoundland, Okinawa, and three different bases in Alaska. Since the major portion of this authorization is for Alaska, and since our construction experience overseas indicates a greater cost per unit in Alaska than elsewhere, I want to devote myself to a discussion of the housing difficulties in Alaska.

The minimal defense of this critically situated Alaskan frontier requires not only a radar screen, planes, and air bases, but the necessary and indispensable housing for the troops who will man that radar screen, fly those planes, and protect those air bases. American military personnel should not have to live in hovels which rent for \$140 a month and at temperatures which sink to 60 degrees below zero. Yet, that is the picture in Alaska today.

It is superfluous to recite the effect of such conditions on our military personnel. When the Joint Chiefs of Staff returned from their personal tour of Alaska not long ago, they stressed two things: First, the strategic importance of Alaska; and second, the atrocious conditions under which our troops were living.

I consider it to be our responsibility to remedy this situation in every way within our capabilities if we are to expect our troops to stand in our defense at our strategically located military outposts in Alaska.

Now, what have we been asked to provide in this bill for the housing of these Alaskan troops? A simple, eight-family unit, row-type structure of the most economical design which will provide minimum comfort and adequate protection from freezing.

Yet, such a house in the 1948 and 1949 Alaskan experiences of the Army and the Air Force has reached in cost \$42,000 north of the Alaskan range and \$33,000 south of the Alaskan range, for a house alone. The very high utilities cost in that area as of that time averaged about \$8,000 per house.

There were a number of elements which contributed to this high cost. Military housing construction was a comparatively new undertaking and competitive bidding, in the sense that we understand it here in the States, was impossible to attain. In addition, it was necessary for the Services to learn by bitter experience how to cope with the multitude of construction problems which are attendant upon construction in Alaska.

As a result, however, of steps taken jointly by all of the Services to revise housing criteria, including the appointment of a special Housing Commission by the Secretary of Defense and a special housing consultant by the Secretary of the Air Force, bids on 400 Army housing units at Fort Richardson, Alaska, have recently averaged \$14,918 per unit, including all Government costs exclusive of utilities. Outside utilities will average approximately \$5,000 per unit, and will bring the total cost up to an estimated \$20,000 per unit.

Further, as a result of this downward revision of criteria concluded from the studies and efforts of all the Services and the afore-mentioned Housing Commission, the Department of the Air Force has just received apparently acceptable bids for 112 units at Eielson Air Force Base ranging from a low of \$17,400 to a high of \$21,400 for the construction of the unit, exclusive of utilities. The estimated costs of outside utilities, including such necessary site development as roads, walks, and other contingencies, was approximately \$7,000 per house. Now, at this point, I feel that I should enumerate more specifically the items which create this abnormal expenditure for site development and utilities.

In Alaska you cannot just build a house and then connect your electric lines, telephone lines, water, and sewage lines to existing public-utility outlets which run in front of the house. On the contrary, none of those facilities are available and it is necessary to construct

power plants, electric-distribution lines, telephone lines, roads, streets, sidewalks, and gutters, sewer mains and water mains, the cost of all of which items is prorated among the houses constructed in order to determine the average cost of utilities and site development.

If we now take the presently received Air Force bids for Eielson and add the cost of utilities, site development, and unforeseeable contingencies, we find the over-all approximate low cost per house, as of this date, to be \$24,750, and the over-all approximate high cost per house to be \$28,750, as compared to the total cost of \$20,000 at Fort Richardson.

The difference between these cost figures at Eielson and Fort Richardson results from the fact that Eielson Air Force Base is approximately 326 miles north of Fort Richardson and is north of the Alaskan Range, whereas Fort Richardson is south of the range.

The same factors which generally make housing construction in northern United States more costly than in southern United States are the same factors which make housing north of the Alaskan Range more costly than housing south of that range. There is not only the matter of the geographical distance, but also the effect of the permanently frozen ground north of the range, which obviously makes foundation laying and sewer and water-line installation a costlier proposition. Perhaps it is not generally known that all water and sewer lines north of the Alaskan Range must be constructed in a type of concrete duct and that steam lines must be laid parallel to both the water and sewer lines in order to prevent them from freezing. There is no let-up to this necessity. It is a year-round proposition. I think that one illustration will give you a much better insight into the high cost of utilities and site development for the family units in Alaska.

Now I would like to give you some of the additional factors which run the construction costs upward:

First. The cost of manufacturing the materials west of the Rockies, whence come most Alaskan building supplies, is as much as 10 percent higher than the average cost elsewhere in the United States. Most classes of Alaskan construction materials must be packed and crated for export at an average cost of \$3.50 per ton. Stevedoring and wharfing charges average \$1.20 and 60 cents per ton, respectively, in the United States as opposed to \$3.15 per ton for unloading and handling in Alaska. Steamship rates to Alaska are very high, about \$17 per ton, and the Alaska Railroad rates are about \$30 per ton from the port to Anchorage and about \$50 per ton to Fairbanks—higher than anywhere in the United States. Furthermore, an allowance of 5 percent on all material shipments must be made for losses from damage, pilferage, and misrouting, which are unavoidably high for Alaskan cargoes.

The cost of providing job-site storage and protection of construction materials from the elements, which is not necessary in the United States where suppliers can meet daily requirements, is approximately \$2.75 per ton prorated over all

job-site materials except those not requiring covered storage.

The effect of all the foregoing is reflected in the fact that wallboard, lumber, flooring, and electrical fixtures cost twice as much laid down in Fairbanks as in Seattle; insulation costs two and one-half times as much laid down in Fairbanks as in Seattle; and cement costs more than three and one-half times as much.

Second. Forty-five percent of all labor in Alaska must be imported from the United States at an average round-trip cost of \$379.56 for each recruitment, his transportation and pay en route. The average length of service of satisfactory employees in Alaska is 5½ months, and of unsatisfactory employees, less than 3 months. This high labor turn-over includes marginal types whose limited skill makes them generally unable to get employment in the more competitive United States labor market. Due to the short construction season and the long Arctic days, it is necessary to work an average of about 20 hours per week at overtime pay.

These and other factors affecting labor result in the average job labor cost in Alaska being 43.3 percent above that in the United States. And this is so despite the fact that basic hourly labor-rate scales average 3.7 percent less in Alaska than in Seattle.

Third. The effect of weather and natural phenomena cannot be evaluated in dollars alone. They reflect themselves in the cost figures just mentioned. But they can best be evaluated in terms of the difficult extra requirements which they impose upon housing; heavy installation, and enlarged heating plants because of the cold climate; the incorporation of snow and wind load factors and earthquake factors in design; accommodations for the effect of the permanently frozen ground north of the Alaskan range in laying foundations and establishing utilities such as water and sewer lines which, as has been pointed out, must be heated the year round to prevent freezing.

Fourth. A final reason is the general remoteness of Alaska. With no local resources other than sand, gravel, and a low quality of green lumber, it is impossible to replace immediately any items which may become lost, damaged, delayed in shipment, or diverted for any unforeseeable reason. The result is that construction may have to be delayed or altered while such missing items are ordered and flown in from the United States at great expense. In the interim, the working force may either have to be placed on stand-by time or temporarily reassigned out of phase with a balanced and integrated work schedule. Similar stoppages may result from missing categories of special labor skill at crucial moments. It is the sum total of all the four categories of factors which make even minimum housing in Alaska so costly, and it is these same variable and unpredictable factors which, in view of geographical distances and geological conditions, make construction north of the Alaskan range still costlier than construction south of that range in Alaska.

The recent Air Force experience, north of the range, has shown that as of this date the high cost per house for 112 units, including utilities, site development, and all other costs is \$28,750, the low cost per house being \$24,750. But let us project ourselves into the future for a moment. If, at a later date, bids are solicited for a lesser number of units at any given time, the mobilization and overhead costs per house will be higher. Furthermore, if construction is not always begun in the future at this time of year, which is the beginning of the construction season in Alaska, the cost-affecting factor will be higher. Other time factors, such as the availability of funds, completion of plans, and the solicitation and approval of bids, will also affect the ultimate cost.

You will note that this bill describes a maximum cost limitation of \$33,000, including utilities, and an average cost limitation of \$29,500, inclusive of utilities, for the construction of military housing units outside the continental limits of the United States. This bill is merely an authorization, and I submit to you that the elements of cost in Alaskan construction, which I have already outlined, fully justify our retention of these limitations. Merely because we authorize construction at a maximum figure of \$33,000 per unit does not mean that those units, under current procedures, will cost that much money. As proof of this contention, I want to bring to your attention the most recent experience of the military services in Alaska in housing construction. The Congress has previously authorized \$16,661,150 for the construction of family quarters, by all three services, in Alaska. As a planning figure, the services estimated that they would be able to construct 588 units at an average cost of approximately \$28,000 per unit. As a result of new procedures, better planning, more competitive bidding, the substitution of fir for hardwood floors, the substitution of galvanized plumbing for copper plumbing, and other similar factors, the services now estimate that they will be able to construct 791 units or 204 more units than they had originally estimated, at an average cost of approximately \$20,000 per unit. This is the best evidence I can offer that the military services are doing everything within their power to obtain suitable military housing in Alaska at the most economical cost. I am confident that the services will not use the maximum cost authorization in any instance that is not absolutely necessary.

Perhaps it is appropriate at this point to make some mention of the applicability of Wherry housing construction in Alaska. Even if we had already constructed all of the units contemplated in this bill, there would still be an 82 percent deficiency of housing units for military personnel who are or will be in Alaska and who are authorized family quarters under the law. Therefore, Wherry housing in Alaska would be most desirable if it could be accomplished. I must point out, however, that the prospects of this type of housing in Alaska are most discouraging. Such units are

authorized by law for Alaska, and there is likewise authorized an increase up to 33½ percent over the unit mortgage limitations in the United States which would authorize the construction of multiple units in Alaska having a replacement cost of \$12,000, with an insurable mortgage value of \$10,800. It might be possible to construct some kind of a cracker-box house with about 750 square feet of floor space in Alaska for this price. Such construction is not desirable and, more important, these cost figures completely ignore the very high costs for site development and utilities in Alaska, which would run from \$4,000 to \$7,000 per unit. I will not belabor this matter, but I did want to point out that, in my opinion, it is just wishful thinking on the part of anyone who would rely upon the construction of Wherry housing units in Alaska to supply the housing deficiency for our military personnel. We can all hope that some presently unknown factors may improve this situation. However, any realistic appraisal at this time must force us to the conclusion that military housing in Alaska will continue to be our responsibility through authorizations such as the bill before us, and the appropriation of supporting funds by the Congress.

There are three remaining housing authorizations in this bill for areas outside the continental limits of the United States. I am confident that the units can be constructed in each of those areas for no more per unit, and perhaps less, than in Alaska. The Navy must construct some units at Guam, which is halfway around the world and has its own peculiar climatic problems to add to the distance factor in holding up the price of construction there. The Navy will construct additional units at Argentina, Newfoundland. However, those units will be the conversion of existing facilities into family units, at a unit cost of about \$11,500 per unit. That is cheap housing for that area. The remaining units to be authorized in this bill are at Okinawa. Our worst problem there is the typhoon season. We have had nothing but quonset-type construction there for our military families, and, as a result, the Government has spent about \$25,000,000 in repairing typhoon damage since our occupation of that island during the war. Since houses at Okinawa, if they are to last, must be built to withstand winds of 120 miles per hour, the presently planned construction will be steel and concrete. This type of construction will, in the long run, be the most economical we could have in that location, which location has already been declared by the Joint Chiefs of Staff to be of high strategic importance in the defense of this Nation.

As a final consideration, I would like to clarify any misunderstanding that may exist as to the ratio of military housing which is allotted to officers, as contrasted to enlisted persons. As a matter of basic necessity, the commanding officer of a base, the communications officer, the base surgeon, the chaplain, and a limited number of other key per-

sonnel must have housing at the base. This is particularly true at overseas installations. After accommodating this relatively small group of key officer personnel, the housing at overseas installations is allocated on a point basis, without regard to the officer or enlisted status of the person. I do not have entirely accurate estimates on the results of this point system as it applies in Alaska. However, the best figures which I can obtain indicate that the number of units occupied by enlisted persons is approximately the same as that occupied by officers.

You will recall that only married officers and married enlisted men of the top three grades are entitled to military family quarters. Officer personnel and the top three grades of enlisted personnel being approximately equal in numbers in any given command, the present allocation under the point system in Alaska is entirely equitable between officers and enlisted personnel.

The amendment to the committee amendment was agreed to.

Mr. VINSON. Mr. Speaker, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. VINSON to the committee amendment:

On page 49, line 14, strike "\$87,800,300" and insert "\$34,623,363."

On page 49, line 16, strike "\$12,439,300" and insert "\$2,258,800."

On page 49, line 18, strike "\$158,008,800" and insert "\$143,554,519."

On page 49, line 18, strike "\$200,855,893" and insert "\$159,725,893."

The amendment to the committee amendment was agreed to.

Mr. VINSON. Unless some Member wants to ask some question, I have nothing further to say.

Mr. PHILLIPS of California. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. PHILLIPS of California to the committee amendment: On page 44, line 21, after "house", strike out "experimental parachute facilities."

Mr. VINSON. Mr. Speaker, I have had a conference with the gentleman from California [Mr. PHILLIPS] and I understand his amendment. That item is being reconsidered in the Department of Defense now, and I have no objection to striking that facility out. It is all being considered in the Department now, and I am willing to accept the gentleman's amendment.

Mr. PHILLIPS of California. Mr. Speaker, there were three amendments covering this item. I ask unanimous consent that the three amendments may be considered together, and the statement of the gentleman from Georgia [Mr. VINSON] apply to all three.

Mr. VINSON. That is correct.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California that the three amendments be considered en bloc?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the additional amendments.

The Clerk read as follows:

Amendments offered by Mr. PHILLIPS of California to the committee amendment:

On page 45, line 2, strike out "\$28,957,580" and insert "\$28,042,280";

And on page 49, line 21, strike out "\$200,855,893" and insert "\$200,140,593."

Mr. HINSHAW. Mr. Speaker, that line has already been amended to some extent.

Mr. PHILLIPS of California. This conforms to the amendment offered by the gentleman from Georgia.

Mr. VINSON. That is right. It is merely reducing the money. I have gone over the amendments with the gentleman from California [Mr. PHILLIPS] and we are all in agreement.

The SPEAKER pro tempore. The question is on the amendments offered by the gentleman from California [Mr. PHILLIPS] to the committee amendment.

The amendments to the committee amendment were agreed to.

Mr. SHORT. Mr. Speaker, I move to strike out the last word.

In order to give a little fuller and more detailed explanation of the enormous construction cost of houses outside continental United States—in Newfoundland, Guam, Okinawa, and particularly in Alaska—I ask unanimous consent to extend my remarks immediately following the amendment offered by the gentleman from Georgia [Mr. VINSON] limiting the cost of construction in Alaska.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. HINSHAW. Mr. Speaker, will the gentleman yield?

Mr. SHORT. I yield.

Mr. HINSHAW. I notice that the hearings on this bill are not printed. Practically every segment of the country is affected by this bill, as far as construction is concerned. I wonder if the hearings are to be made available to the Members so that we may understand this construction proposition.

Mr. SHORT. Every segment of the country is not involved in this bill, because there is no money in this bill for the construction of housing inside continental United States.

Mr. HINSHAW. I was not talking about housing. I was talking about facilities of various kinds that are being affected.

Mr. VINSON. If the gentleman or any member of the committee will examine the report he will find a minute discussion of each item, what it is proposed to do, and justification for the item. Let me say this to the House: That in considering this bill we read each one of these places as they appear in the bill. We required complete justification, from a military standpoint, for the expenditure of the money. If you will look in the report you will find it broken down by States, and you will find it broken down by services, and you will find justification for every dollar that is proposed to be used.

Mr. HINSHAW. I have been perusing the committee report, as the gentleman says, and it is very extensive and fairly complete, but when you state on

page 16 of the report that a certain project, the California Institute of Technology, "provides for construction, modification, expansion, and relocation," I would like to know what you mean by "relocation" and where. That is not stated in the report. It just talks about "relocation."

Mr. VINSON. It does not mean relocation of that plant at some other base. It means relocation of that facility to some other portion of the base.

The facilities described are used for certain purposes; it is in position on those premises. It provides for a rearrangement of the facilities on the same base, on the same premises. It is not taking them away. It may be, for instance, that an engine located in one house may be needed in another. This permits its removal and relocation in the second building.

Mr. HINSHAW. Are hearings to be available?

Mr. VINSON. Hearings are available now.

Mr. HINSHAW. They are not on the floor.

Mr. VINSON. They are in the committee. They have been printed for months.

Mr. SHORT. Extensive hearings were held by the committee and we discussed, as the report will show from pages 14 to 43, inclusive, each and every one of these particular projects; and we give the justification for it.

Mr. HINSHAW. I am glad to know that the hearings are available and I will seek a copy from the gentleman's committee.

Mr. VINSON. Mr. Speaker, the bill, S. 2440, which is now before you for consideration is a construction authorization bill which embraces, for the first time in the history of the Congress, the construction authorizations for all of the military departments. Titles I, II, and III embrace the needs of the Army, the Navy, and the Air Force, respectively, both within and without the continental United States. Title IV contains general provisions which are equally applicable to all of the military departments.

I recognize that time is an important element, and I shall burden you with no more details than necessary on the provisions of this bill. I would like to summarize the provisions in a general way and then answer such questions as you may deem advisable.

The bill may be broken down into five general categories:

First. Operational construction and development, covering such items as the extension of runways, installation of utilities, installation and conversion of jet fueling facilities, and similar types of operations. The total in the bill for this purpose is \$395,500,000, both within and without the continental limits of the United States.

Second. Research and development by all of the services. These activities are confined to the continental limits of the United States and involve \$92,300,000.

Third. Family housing within and without the United States requires \$129,100,000.

Fourth. Nonfamily housing requires \$61,300,000.

Fifth. The special-weapons project requires \$12,400,000.

You will find a list of each of these projects, except for classified projects, in the committee report, stating the location, the mission to be accomplished, the specific amount of authorization requested and the items for which it is to be spent.

With reference to the classified projects, I want to advise you that approximately \$56,000,000 of the total authorization of this bill is for such projects. You will note that such items are carried under the general category "special weapons project" or "classified installations." Since all of these items contain highly classified information, I am sure that the Members will understand my unwillingness to discuss them in open session. However, I want to assure you that the House Committee on Armed Services has received a detailed explanation in executive session of every classified item in this bill, and we are fully satisfied that the items should be classified and that there is full justification for the supporting authorizations in this bill.

My discussion thus far has been directed to the bill in its present form, wherein there is provided a total authorization of \$688,300,000, of which \$459,000,000 is for the continental United States and \$229,300,000 is authorized for projects outside the continental limits of the United States.

Now, I want to bring to your attention certain recent actions by the House Committee on Armed Services which will result in a decrease of more than \$100,000,000 in the present total authorizations in the bill.

The construction of family quarters on military installations with appropriated funds has presented continuing problems to our committee and to every Member of the Congress. This bill authorizes the construction, within the continental limits of the United States of 6,542 family units and the conversion of existing facilities to an additional 184 family units, at a total authorization of \$108,761,218. The committee is well aware of the need to economize in every possible phase of governmental activity. I cannot say to you that Wherry housing can be used as a complete substitute for the construction of this type of housing from appropriated funds. However, I have no hesitancy in stating that if the military services will utilize the provisions of the Wherry bill with the same zeal that they supported the recently enacted pay bill, then our problems on military housing will be greatly alleviated, if not solved.

The recently enacted amendments to the Wherry bill brought about some much-needed changes to that act, and there is every evidence that the services are moving toward full utilization of that law.

As of May 15, the three military services had planned the construction of 74,000 Wherry units, of which 52,000 have already been processed and approved within the Office of the Secretary of Defense. Approximately 20,000 have already been certified to the FHA and 9,000 of those have been approved by the

FHA. Of that number, 5,700 are already built or under construction.

I am not unmindful of the need for decent housing for military personnel. It is my hope and belief that present military planning under the Wherry Act will produce at least 50,000 new homes within continental United States for military personnel within 1 year from today. In view of that conviction and by unanimous vote of the House Committee on Armed Services, I will offer at the appropriate time a committee amendment to delete from the bill the 6,726 family units within the continental limits of the United States.

After the foregoing deduction, there will remain approximately \$33,000,000 for the construction of family quarters outside the United States. The majority of these units will be constructed by the Army and the Air Force in Alaska, with a smaller allocation going to Okinawa, Newfoundland, and Guam. I realize that some of the Members may have questions relating to housing construction outside the continental limits of the United States. Mr. SHORT, the ranking minority member of the committee, will give a detailed explanation of that phase of the bill, and I request that you withhold any questions which you may have on that subject until he has concluded his remarks.

Next, I would like to call to your attention the authorizations on pages 30 and 31 of the bill for the Murphy General Hospital, Waltham, Mass.; Oliver General Hospital, Augusta, Ga.; and Valley Forge General Hospital, Phoenixville, Pa. Perhaps most of the Members are aware of the investigation which our committee recently conducted relating to the closing of four Army hospitals and one Navy hospital by the Secretary of Defense in his order of February 1, 1950. In spite of the committee's efforts to keep these hospitals in operation, Secretary Johnson is still of the opinion that they should be closed and, for all practical purposes, they are now closed.

The three hospitals which I have mentioned are among the five to be closed. Since we cannot authorize construction at nonmilitary locations in a military construction bill, I shall offer at the appropriate time an amendment to delete these three items from the bill. The authorizations for these three items total \$1,072,000, of which \$990,000 is for family housing units and the remaining \$82,000 is for land acquisition upon which some of the units were to be constructed. These items are included in the deletions of committee amendment No. 2.

No doubt there will be persons, both in and out of the military services, who will feel that our committee has been unduly harsh in deleting the housing authorizations for the continental United States contained in this bill. However, I am confident that no such criticism will be made if the facts covering this situation are fully understood. The President has already limited the amount of funds available in fiscal 1951 for military construction, either pending in this bill or already authorized, to \$298,000,000. While I can give you no exact figures, I am confident that only a very

small portion, if any, of that \$298,000,000 has been allocated for the construction of military housing within the continental limits of the United States. As badly as we need that housing, I am sure that the Secretary of Defense would agree with me that there are other authorizations in this bill, together with previously enacted authorizations which must receive a higher priority in the allocation of available funds. I offer no criticism of anyone for this situation, however, I feel that it is both proper and necessary to state the facts as I understand them in explanation of the committee's action.

On page 36, line 23 of the bill, you will note an authorization of \$3,000,000 for the construction of a railroad spur by the Marine Corps from Camp Lejeune, N. C., to Cherry Point, N. C. Now, I want to assure the Members of the House that the Committee is unalterably opposed to putting the Marine Corps or any other military service into the railroad business. However, we were faced with a railroad transportation deficiency between Camp Lejeune and Cherry Point and points north which, in our opinion, was detrimental to national defense. At the present time, the only direct railroad line between Camp Lejeune and Cherry Point is the Atlantic Coast Line from Wilmington, N. C., to New Bern, N. C. That portion of the railroad between Wilmington and Cherry Point renders satisfactory service. However, the remainder of the line to the north, connecting with Camp Lejeune and New Bern, is unsatisfactory both as to condition and service. It could properly be classified as a poorly kept spur line. The rails are light, the bridges will accommodate only limited tonnage, and the connection at New Bern with another railroad line is so constructed that standard pullman cars cannot be switched from the Atlantic Coast Line to the other line for transit to points north on the eastern coast. The net result is that personnel and heavy freight loads must be moved south over the Atlantic Coast Line to Wilmington, N. C., then north over the Atlantic Coast Line at a considerable loss in time and expense to the Government.

The Atlantic Coast Line has indicated its willingness to correct the present deficiencies. The Marine Corps emphasizes that their proposed spur to connect Camp Lejeune and Cherry Point will be necessary in the interest of national defense unless New Bern is made an unrestricted gateway, so that there will no longer be any necessity for any railroad traffic, either freight or passenger, regardless of weight or length of car, to move from Camp Lejeune to Cherry Point, or to the north, via Wilmington. Until such movements are not just promised, but are actually going on, the Marine Corps cannot certify to the Congress that the proposed spur is not necessary. I want to reiterate that the committee is unalterably opposed to putting the Marine Corps in the railroad business, and I want to assure the Members that if the Atlantic Coast Line will come to an agreement with the Marine Corps which will overcome the present difficulties, I will personally oppose the appropriation of any funds for the construction of this spur

line by the Marine Corps. We cannot definitely determine at this time whether or not that agreement will be reached. Therefore, in the interest of national defense, I ask that the item remain in the bill until such time as a positive determination can be made.

Now, to summarize, the committee will delete, by amendment, \$108,000,000 from this bill. All of those deletions pertain to the construction of family quarters within the continental limits of the United States. The total authorization will be reduced from \$688,000,000 to \$580,000,000. Of the \$580,000,000, there will be \$351,000,000 for continental United States and \$229,000,000 outside continental United States. From the \$229,000,000 outside continental United States, there is an allocation of \$100,000,000 for Alaska. That is a reduction of approximately 15 percent in the original authorizations of the bill, and I am confident that the Members will accept that reduction as evidence of the committee's determination to effect savings wherever possible. It is my sincere conviction that we have attained the maximum economy consistent with the best interest of national defense, and I urge your favorable consideration of the bill as amended by the committee.

Mr. PHILLIPS of California. Mr. Speaker, I appreciate the courtesy which the committee has shown me in accepting the amendment I offered. It is an important amendment. It removes \$719,300 from this bill, and saves a possible million or million and a half dollars. This is worth while in itself, but to me the more important feature of the amendment is that it will save injury to a lot of young men who would otherwise be transferred, for parachute testing work, from the station where they are now jumping, and where they jump on the soft desert terrain to the hard rocky terrain at Muroc.

The gentleman from California [Mr. SHEPPARD] in whose district Muroc is located, and myself, in whose district El Centro is located, are both in favor of this amendment. The gentleman from California [Mr. ANDERSON] a member of the Armed Services Committee, suggested that I offer the amendment today. The distinguished chairman has accepted it.

The situation briefly is this: In the program of consolidating installations, for economy reasons, it was proposed to move parachute jumping from El Centro to Muroc. The facilities are adequate at El Centro; they would have to be built at the cost of a couple million dollars at Muroc. There has been only one very slight accident in 5 years at El Centro; there would be frequent injuries at Muroc. The Congressmen representing both places are opposed to the transfer. The decision to move was endorsed by the Research and Development Board by what I have been told was the only divided decision in its experience. It was three to three. The final vote was cast by Dr. Karl Compton, who told me only last Friday that if he had known at that time what he knows now, the decision might have been a different one. In my presence, he wrote

and mailed a letter to Secretary of Defense saying that, in his opinion, the matter should be reviewed.

I understand, and this I have no way of confirming yet, that the Department of Defense sent a team to California to investigate this, among other proposed changes, and that in this case the recommendation will be unanimous against transferring the parachute work to Muroc.

Details like the adequacy of water were not considered. There is housing at El Centro, not at Muroc. The attitude of the nearby communities was not considered, and in fact there is no nearby community at Muroc.

In brief, the situation points to the need for a review of the decision to move the work. This has been promised by the Department of Defense. I have asked that it be delayed until I return from California. In the meantime the authorization to jump at Muroc should be stricken from S. 2440. It will save money and it will save lives.

Finally, if the El Centro station is not to be closed, there will be no point of transferring the work. If it were to be closed we would lose the station used now for emergency landings by both Army and Navy planes. There is not a week when planes are not down on that field for emergency landings. One week saw 40 planes down there. The saving of one plane, or one pilot, putting it on a cost to the Government alone, would pay the expenses of the station for a year. That is among the reasons for this amendment.

I am sure the amendment will stay in, in conference, when the conferees understand all the factors in this situation.

The SPEAKER pro tempore. The question is on the committee amendment.

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. VINSON. Mr. Speaker, I ask unanimous consent to extend my remarks on the bill S. 2440, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PHILLIPS of California. Mr. Speaker, I ask unanimous consent to extend my remarks on the bill S. 2440, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

ORGANIC ACT OF GUAM

Mr. McSWEENEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 504, and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7273) to provide a civil

government for Guam, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Lands, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous questions shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. McSWEENEY. Mr. Speaker, I yield 30 minutes to my good friend the gentleman from Ohio [Mr. BROWN] and at this time I yield myself 5 minutes.

Mr. Speaker, House Resolution 504 makes in order the consideration of the bill H. R. 7273 which provides a civil government for Guam.

I have always felt that in the life of an individual the thing that marks his greatness is the fact that that individual keeps his word. I think also that in the life of a nation the thing that marks the greatness of that nation is the fact that it keeps its word and keeps its promises.

I remember as a boy when we were in the midst of the Spanish-American War, America promised to Cuba that when the Cubans were able to govern themselves America would give Cuba back to the Cubans. I remember that British, French, and German newspapermen laughed at the suggestion that America would eventually give back to the Cubans this wonderful island which could in reality be a great naval base; it could be a continuous source of supply of sugar, and was of great advantage to America. The foreign people could not conceive of our keeping this promise. One of the great days in American history to my mind is that day upon which the American flag was drawn down from the masts, from the schoolhouses, and from the churches of Cuba and, in place of the American flag, the flag of Cuba was run up. Our flag was not drawn down in disgrace; it was drawn down in the fulfillment of a sacred promise and I believe that it should be one of the great days in the annals of American history.

In 1898 under that same treaty we were given Guam by the Spanish Government and at that time we promised to the island of Guam that eventually it would have a civil government. During this long period of over 50 years Guam has been held as a naval base and has been under the supervision of the Navy Department. That has been absolutely necessary under the circumstances and we have held it up to this time. However, not only the President of the United States, not only the Secretary of State but the heads of our Army and Navy believe the time has arrived when America should grant to the people of Guam a civil government. So this bill introduced by the gentleman from Florida [Mr. PETERSON] makes it possible for a civil government in Guam to be put into operation.

This program is a very worth-while one. It grants citizenship to those people who are entitled to citizenship under the original treaty of 1898 and it also

makes in order the possibility of men and women living in Guam at the present time to obtain citizenship.

It should be emphasized that this is not a preliminary step to the admission of Guam into statehood. It is merely granting them what we promised 50 years ago. I am especially interested in the fact that this bill incorporates a bill of rights so that these people will be amenable to the same protection that you and I as American citizens have under our American Bill of Rights.

I have gone over the bill carefully and I find it is drawn with the approval of every person who wants to treat the people of Guam fairly, but at the same time giving proper protection to our rights. In other words, it is interesting to find that under this law we will give to the people of Guam many of the fine improvements that we have placed upon that island, sewage, hospital facilities, and other things, but at the same time the bill makes it possible for the President of the United States in case of an emergency to cause our armies and Navy to go in and again exercise her protective rights, both for the people of Guam and for the people of America, using Guam as part of our far-flung battle line in case of such emergency.

So I respectfully ask that you give favorable consideration to this rule that will make in order the consideration of this bill which in my humble opinion is merely the fulfillment of a sacred promise, and, as I say, America has always tried to keep her promises. This would merely be the fulfillment of that section of the treaty of 1898.

I am proud to say that under the administration of a citizen of my district, the Honorable William McKinley, when he was President of the United States, promised to the Cubans their freedom and their autonomy in government. However, when that time came for the Cubans to set up their own government he was not living to enjoy it, yet at the same time we carried out what he and the people of America promised to do.

So let us today, by passing this rule and this bill, keep our promise to the people of Guam that was made in a treaty over 50 years ago and realize that it does have the approval of all people interested, including the State Department, the executive department, the Army, and the Navy.

Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may desire.

Mr. Speaker, as my colleague, the gentleman from Ohio [Mr. McSWEENEY] has so ably explained, this resolution does make in order consideration of H. R. 7273, a bill introduced by the gentleman from Florida [Mr. PETERSON] to provide a civil government for Guam, and also provides for 1 hour of general debate on the bill.

I want to add but one single thought to those so ably expressed by my colleague from Ohio, and it is this: so there will be no misunderstanding, and if I am incorrect I wish the gentleman from Florida or the gentleman from Ohio will correct me: There is no possibility under this legislation of anyone coming in and

making a future claim that statehood has been promised to Guam. Instead, this bill simply provides a civil government for Guam, with the right of defense installations for the protection of the United States reserved, as the gentleman from Ohio [Mr. McSweeney] has explained. It does not open the door for admission of Guam to statehood, and does not constitute Guam as a Territory, such as we have created in the past in preparation for statehood later on.

Mr. McSWEENEY. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Ohio.

Mr. McSWEENEY. On page 3 of the hearings I notice where they copied part of the old treaty made in 1898. There was no reference there of any future possibility of statehood, and there is no intimation that there will ever be any future request under this authorization for statehood.

Mr. BROWN of Ohio. I thank the gentleman very much for his contribution.

Mr. PETERSON. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Florida.

Mr. PETERSON. I pointed that out very clearly in the report and I went into the treaty and the history of other Territories, and I am going to state on the record that we are holding out no hope for statehood. We are drawing the line on civil government.

Mr. BROWN of Ohio. I am glad the gentleman has made that statement on the record here. That was the understanding between the Committee on Public Lands and the Committee on Rules when this rule was granted. I was fearful some of the Members on the floor might not understand the situation, so I wanted to clarify it and make it very plain that such was the general understanding.

Mr. PETERSON. In order that there might be no question about it in the future, I have taken the treaty with reference to Guam and the treaties with reference to other Territories and showed the distinction.

Mr. BROWN of Ohio. There is a very well-defined distinction between the situation as it affects Guam and as it has affected other Territories of the United States.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. As I understand, this bill in no way can be considered as a precedent or to be construed in any way as a precedent for statehood.

Mr. BROWN of Ohio. Or as an obligation on the part of either the Congress or the United States Government to even consider granting statehood.

Mr. McCORMACK. Exactly, except that, of course, nobody can tell what might happen in some decade or some generation from now.

Mr. BROWN of Ohio. But there is no obligation on the part of this Government or of the Congress to ever grant statehood.

Mr. McCORMACK. But we never eliminate hope. Constructive hope is something that we should all possess.

Mr. BROWN of Ohio. Yes, but we do not want to be put in the position where someone can claim in the future that the United States Government or the Congress has not kept some implied promise. We want to make it clear that there is no promise, direct or implied, as to statehood. The future must take care of itself.

Mr. McCORMACK. Exactly; but we would not want to eliminate hope, anyway.

Mr. BROWN of Ohio. Of course, and we all have all sorts of hopes, and sometimes ambitions and aspirations, which are not always fulfilled.

Mr. McSWEENEY. Mr. Speaker, I yield 5 minutes to our distinguished floor leader, the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I want to announce to the Members of the House that after the disposition of the program for this week it is my intention to go over until next Monday. There will be no business on Monday. Tuesday, May 30, being Memorial Day, there will be no business, and we will probably adjourn over Tuesday.

On Wednesday, at the auditorium of the Library of Congress, at 12:30 p. m., the Members of both Houses of Congress, as on previous occasions when General Marshall has addressed us, will have the opportunity and the pleasure of having Secretary of State Acheson address us in connection with the meetings of the foreign ministers of the Atlantic Pact countries that have taken place abroad in the last few weeks. This will be a very important talk. After the Secretary of State has finished his remarks, Members will be in a position to and may ask him questions.

I wanted to make this announcement so that the Members will know that on May 31 this meeting of the Members of both Houses of the Congress will take place.

Mr. BROWN of Ohio. I presume that on that day, Wednesday, May 31, there will be no legislative business considered?

Mr. McCORMACK. May I leave myself a slight reservation so that I can keep faith with the House. It is not my intention to have any legislative business considered unless something special develops, but as of now I cannot foresee anything. Therefore, Members can govern themselves upon the proposition that there will be no legislative business on Wednesday.

Mr. BROWN of Ohio. I assume the Members want that information because many Members on both sides of the aisle will be away speaking at memorial services throughout the country for the Nation's dead. We all want to be here to hear Secretary Acheson report on his trip to the conference, if possible, but it may be difficult for some Members to get back to Washington in time to consider important legislation on Wednesday.

Mr. McCORMACK. The gentleman is absolutely correct. It is because of the knowledge that Members have speaking

engagements often many hundreds of miles away, so that it may be difficult in view of train and airplane schedules for them to get back, particularly if they are speaking the night before, that I wanted to make this announcement, so that the Members may know just what the leadership has in mind.

I may say there has been complete cooperation with the leadership on the Republican side. The speed we have shown in passing legislation today will be of great assistance in enabling the plans of the leadership to be carried out.

At this time, Mr. Speaker, I wish to submit a unanimous-consent request. I may say that this has been discussed by me with the distinguished gentleman from Massachusetts [Mr. MARTIN], and it is agreeable to him.

I ask unanimous consent, Mr. Speaker, that on Wednesday, May 31, it may be in order for the Speaker to declare a recess subject to the call of the Chair.

The SPEAKER pro tempore (Mr. PRIEST). Is there any objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BROWN of Ohio. Can the gentleman give us any information as to Thursday and Friday of next week?

Mr. McCORMACK. I am unable to do so now, but I shall next week.

Mr. McSWEENEY. Mr. Speaker, will the gentleman again say for the information of the Members where the meeting is to be held?

Mr. McCORMACK. In the auditorium of the Library of Congress.

Mr. BROWN of Ohio. Mr. Speaker, can the gentleman give us any information as to the legislative program for the remainder of this week? Is there anything in addition to the announcement sent out by the whip?

Mr. McCORMACK. Yes; the schedule is the same as contained in the notice sent out by the whip. Tomorrow is Calendar Wednesday. The House will meet at 12 o'clock tomorrow. It was the intention to meet at 11 o'clock in the morning, but there is no need for that now. The three Alaska bills, in which the gentleman from North Dakota is very much interested, as well as other Members of the House, will come up. I do not think they will take very long. After that comes the extension of the Selective Service Act and then the Baltimore-Washington Parkway bill. I do not know about the royalty-free license bill. There has been some mention made of the possibility of that bill being taken up today. If that is the case, there would seem to be every possibility of disposing of the legislative business scheduled for this week by tomorrow.

Mr. BROWN of Ohio. If that is so, we may be able to adjourn over until Monday.

Mr. McSWEENEY. Mr. Speaker, I yield 1 minute to the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. COX. Mr. Speaker, predicated upon the statement made to me by Mr. James H. Lemon, a prominent broker here in the city of Washington, who is president of the Children's Hospital, and one of the finest men I have ever known, I would like to say the House Appropriations Committee has recommended that the item in the District budget entitled "Medical Charities" be reduced from \$745,000 to \$500,000 because it considers that an appropriation above the latter amount would be in the nature of a subsidy to the hospitals, which is not within the realm of the responsibility or duty of the District government.

It is evident that the committee has been misled by the inaccurate title of the item. These moneys are not medical charities but constitute fees for services rendered by the voluntary hospitals, services which the District simply cannot furnish through its own municipal hospitals.

The District government has contracted with these hospitals to treat emergency patients and others for whom the municipal hospital does not have the necessary facilities. Each case is investigated and approved by the District Health Department before the hospital is paid.

On the basis of the experience of fiscal 1949 the hospitals will be required to furnish 47,041 days of ward care and 133,683 clinic visits as well as a large number of X-ray pictures, emergency room treatments, and ambulance runs. These clinics are particularly important as an investment in preventive medicine. By receiving early treatment in a clinic the Government is saved the far greater expense of actual hospitalization.

For each day of care the hospital is now paid \$9. The same service at Gallinger costs the District \$11.26. For each clinic visit the hospital is paid \$2. The average weighted cost of each of these units in all the hospitals is \$14.80 per day of in-patient care and \$2.87 per clinic visit. These costs were determined by an independent firm of certified public accountants and have been accepted by the Washington Community Chest as a basis for reimbursement to the hospitals.

To the best of my knowledge hospital care is the only commodity the District purchases for which it does not pay the full cost, plus a reasonable profit. The hospitals do not ask for a profit. They feel that they should receive their full costs. At the very least they should receive rates which approximate costs in the municipal hospital. This would require that the rate per day of in-patient care must be increased from \$9 to \$11 and the clinic visit from \$2 to \$2.50. To cover these adjustments a total increase in the appropriation of \$230,256 is required. Even with this increase, which would bring the appropriation to \$930,256, the voluntary hospitals will still be subsidizing the District's hospital care program to the extent of \$229,753—the difference between the desired appropriation and the \$1,160,000 which is the actual cost of providing this service.

I would like particularly to stress the simple common sense of caring for these public charges in existing voluntary hos-

pitals rather than appropriating large sums for additional municipal hospital construction. The larger the municipal hospital grows the greater will be the requests for appropriations to cover its operating costs—costs which even now are greater than the rates the voluntary hospitals require to carry this burden.

Mr. MCSWEENEY. Mr. Speaker, I yield 5 minutes to the gentleman from Florida [Mr. PETERSON].

Mr. PETERSON. Mr. Speaker, I make this statement now because, if the rule is adopted, it is my intention to ask that the bill be considered in the House as in the Committee of the Whole. I want to make a brief explanation at the present time, so that there will be no question in the minds of those who may be worried about the question of statehood.

I am going to put definitely in the RECORD a statement that this does not guarantee statehood and it is not a step toward statehood. I have analyzed and shown the difference between this and the incorporated Territories.

This is the result of a rather comprehensive study which was unanimously reported out by the Committee on Public Lands. At the present time there is a temporary arrangement by which, under Executive order, they have set up a civil government. The Committee on Appropriations has called attention to the fact that the Congress should act upon it. The President of the United States has called attention to it, and advocates the enactment of this legislation. In addition to that, the Department of the Navy and former Secretary of State George Marshall have constantly urged this for a number of years. We withheld carrying out the treaty because of the fact that it was a naval station subject to the rigid rules and regulations of naval stations.

It appears now that only a portion of it is under naval jurisdiction and it is fitting and proper and urgently needed to establish an organic act.

As I said before, as a result of a comprehensive study we report this bill to the Congress.

The gentleman from Michigan [Mr. CRAWFORD] is not able to be here today, but he left with me a letter which he asked me to call to the attention of the House. The letter is as follows:

HON. J. HARDIN PETERSON,
Chairman, Public Lands Committee,
House of Representatives,
Washington, D. C.

DEAR MR. CHAIRMAN: You may say to any of our friends that I have made a rather thorough study of the general situation in American Guam and I am very much in favor of the legislative proposal which will come before the House during this current week.

The transfer from the Navy Department to the Department of the Interior, with Governor Skinner now on the job, makes legislation very necessary and a bill should be approved without too much delay so that the transfer can be completely effectuated.

Respectfully submitted.

FRED L. CRAWFORD.

In the recent debate in this House on the statehood bills for Alaska and Hawaii some statements were made to the effect that if Alaska and Hawaii were admitted to statehood we should be obliged to take

in Guam, American Samoa, Puerto Rico, and the Virgin Islands as States, too. Today we have before us organic legislation for Guam, and I think it is appropriate to comment more fully on the relationship of organic legislation to ultimate statehood. Let me say categorically that enactment of H. R. 7273 will in no way commit the Congress to enactment of statehood legislation for Guam in the future. We have in no way made any promise to the people of Guam, or to Spain, from which Guam was acquired, that Guam would eventually be admitted to the Union. In fact, our commitment with respect to Guam and to the other areas ceded by Spain under the Treaty of Paris differed considerably from commitments made with respect to previously acquired areas and lands constituted as territories. I will review briefly our practice in this regard to show the difference.

During 1781 to 1802 the Original Thirteen States ceded to the Federal Government certain lands reaching out as far west as the Mississippi and lying north and south of the Ohio River. These lands were divided into two large areas, known as the Northwest Territory and the Southwest Territory, respectively. The Northwest Ordinance, enacted by the Congress for the government of the Northwest Territory, and under which the Territory was incorporated into the Union, set the pattern for organic legislation for all of the Territories established on the mainland which now comprise the United States. The Northwest Ordinance granted the people of the Northwest Territory certain basic personal and political rights; it established a form of government for the Territory; it outlined the Territory's future political status. It did the latter by expressly providing that when the population in any of the districts into which the Territory was divided should have reached a certain figure the district was to be admitted into the Union as a State. This promise of future statehood upon the fulfillment of certain conditions was included in the organic legislation for other contiguous Territories of the United States, such as the Southwest Territory, the Territory of Orleans, which was set up in the land acquired by the Louisiana Purchase, and so on. To these areas the Constitution and laws of the United States were extended, thus incorporating them into the Union. In due course the promise of statehood was fulfilled for each of these areas.

Alaska and Hawaii differ from these early Territories only in the fact that they are noncontiguous to the mainland. The organic legislation provided for them is very similar to the organic legislation of the mainland Territories. Just as in the case of the Territories which became States because they had been incorporated into the Union by virtue of the extension to them, in their organic acts, of the Constitution and laws of the United States, Alaska and Hawaii have a claim to statehood because they, too, have been incorporated into the Union. In the organic acts of both Alaska and Hawaii there is an express provision that the Constitution and laws

of the United States, except those which are locally inapplicable, shall have the same force and effect in each of those Territories as elsewhere in the United States. Admission of Alaska and Hawaii, now incorporated Territories, to statehood, would complete the pattern set by the Northwest Ordinance and carried over to the organic legislation of the Territories on the mainland, that a Territory once incorporated is destined for ultimate statehood. Alaska and Hawaii are our only remaining incorporated Territories. We have given neither an express nor an implied pledge of incorporation or of statehood to the peoples of any of the other non-self-governing territories under our jurisdiction. After Alaska and Hawaii are admitted as States, no other area can come forward with a valid claim to statehood.

In our treaty with Spain, by which we acquired Guam, we agreed only that—

The civil rights and political status of the inhabitants of the territories ceded by Spain to the United States shall be determined by the Congress.

We did not agree to incorporate Puerto Rico, or Cuba, or the Philippines, or Guam into the Union, nor did we agree to grant them statehood ultimately. We agreed only to determine the civil rights and political status of the people. We have fulfilled our obligation with respect to each of the Territories affected by the Treaty of Paris except Guam. Although 52 years have passed since the Treaty of Paris, the Congress has yet to define the civil rights and political status of the people of Guam.

Our military occupation of Cuba, following the Spanish-American War, was only long enough to restore order and to prepare Cuba for independence and for the transfer of political power to elected representatives of the people of Cuba.

In 1933, the Congress announced its intention of granting independence to the Philippine Islands in approximately a decade, and on July 4, 1946, the United States surrendered all rights of possession, supervision, control, or sovereignty over the territory and people of the Philippines, and recognized the independence of the Philippines as a separate and self-governing nation.

We took the first step toward fulfilling our obligation to define the civil rights and political status of the people of Puerto Rico in 1900, when the Congress enacted a law temporarily to provide a civil government for Puerto Rico. That law was amended in 1917, when the present Organic Act of Puerto Rico was passed. The people of Puerto Rico were made citizens of the United States, were provided with a legislature with broad powers similar to those of State legislatures, and had their civil rights guaranteed by a section of the Organic Act which closely paralleled the language of the Bill of Rights of the Constitution. In 1947, we went one step further, by authorizing the people of Puerto Rico to elect their governor, and by permitting the elected governor to select the members of his cabinet.

It remains only for the Congress to fulfill its pledge, made over 52 years ago, with respect to Guam. You will note that

the treaty provided that civil rights and political status of the inhabitants of Guam would be determined by the Congress. And yet since 1898 Congress itself has taken no action. The President by Executive order more than 50 years ago placed Guam under the jurisdiction of the Navy Department, and the Secretary of the Navy, acting through a naval governor, has provided a government for Guam. This is not the government of laws to which the United States is pledged. It is contrary to American principles that the executive branch of the Government should exercise complete legislative, judicial, and executive authority over peoples subject to the jurisdiction of the United States.

All the people of Guam have asked for is that we carry out our treaty obligations by providing them with an organic act, which will guarantee their civil rights, establish a legislature and an independent judiciary, and define the scope of executive authority. That is all H. R. 7273 would do. You will look through it in vain for any implication, let alone any express statement, that the next step is statehood for Guam. The Public Lands Committee report says flatly that the bill does not contemplate eventual statehood. When a subcommittee of the Public Lands Committee visited Guam recently in connection with this bill, statehood was not discussed. The people of Guam have not claimed that they were ever promised statehood, nor have they asked to become a State. The bill makes it clear that the history of the incorporated territories on the mainland is not to provide a precedent for treatment of Guam by explicitly defining Guam as "an unincorporated territory of the United States." Thus it is distinguished not only from the contiguous territories of the mainland which became States, but also from Alaska and Hawaii, which are, as I have said, incorporated territories. It is clear from the bill itself that by its enactment our obligation under the Treaty of Paris has been fulfilled, and that we are making no further commitments to the people of Guam. It is proposed to do precisely the same thing with respect to American Samoa; the proposed organic legislation for that Territory also defines it as an unincorporated territory. I might mention that Puerto Rico has been held, by judicial decision, not to have been incorporated into the Union, and that the Organic Act of the Virgin Islands refers to it as an "insular possession," a term which has the same connotation as "unincorporated territory." Thus, as I have already pointed out, after Alaska and Hawaii have become States, we shall have no other incorporated territories which can come before the Congress with the meritorious claim to admission to the Union.

Enactment of H. R. 7273 will merely accomplish the long-overdue fulfillment of a treaty pledge. It will provide a civil government for Guam, a government of laws, not of men. It establishes three branches of government—the executive, the legislative, and the judiciary. The legislature will have broad powers in the local legislative sphere. The courts will have jurisdiction over local matters, but

there will be an appeal to the Federal courts where Federal questions are involved. No representation in the Congress is provided for. In this, as in other respects, the bill follows closely the Organic Act for the Virgin Islands enacted by the Congress in 1936, and it also has considerable similarity to the Organic Act of Puerto Rico, although it does not provide for an elected governor. Enactment of organic legislation for Guam is long past due. It is important that it be no longer delayed. I therefore urge prompt enactment of the bill.

Mr. KEATING. Mr. Speaker, I yield 5 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Speaker, I am wholeheartedly in favor of this bill. This bill is the result of a visit by a subcommittee of the Committee on Public Lands under the able leadership of the chairman, the gentleman from New Mexico, Governor MILES, the other members were the gentleman from Michigan [Mr. CRAWFORD], the gentleman from California [Mr. MILLER], the Delegate from Hawaii [Mr. FARRINGTON], the gentleman from Illinois [Mr. JENSON], and myself. We held hearings for 3 days in Guam in connection with this bill.

This bill meets with the unanimous approval of the Guamanians, and of the three departments of our Government who were formerly concerned with the Government of Guam. It is a bill that is long overdue. Until this bill is passed the Guamanians are under the rule of a one-man government. There have been some complaints of abuses, and in fact there have been some abuses. This bill gives home rule to the people of Guam. It is modeled after our State governments to a large extent.

There is a governor, appointed by the President, with the advice and consent of the Senate. The same is true of the lieutenant governor. The governor has many of the powers of a Territorial governor.

Then, again, there is the legislative power, subject to the supervision of the President of the United States, in a limited way. The governor has the veto power over laws that are passed, and over and above that there is still some authority in the President of the United States.

Then there is the judicial department, modeled after our State governments. The judges of the Supreme Court of Guam are appointed by the President of the United States. The judges must be qualified to practice before the highest court in States or Territories of the United States. Again, those judges are appointed by the President of the United States, with the advice and consent of the Senate. They have jurisdiction over all local matters within the Territory of Guam, which will become an unorganized territory. If a Federal question is involved, then under this bill an appeal can be taken to the Northern District Court of California.

Mr. MCSWEENEY. Mr. Speaker, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. MCSWEENEY. Does the gentleman feel, after going over this bill, that

we are safeguarding our rights sufficiently? I do, but I wondered if you could give me the assurance that we were safeguarding our rights so that in case of an emergency we can go in, without any restrictions upon the part of the citizens, and exercise our rights for our Navy and for our Army, in case of emergency.

Mr. LEMKE. Absolutely so. There never will be any question about that, because the Guamanians are just as good citizens of the United States as any I have met in any State or Territory of the United States.

I will state further that since 1898 they have had American schools, and the English language is taught in all of those schools. There are enough Americans over there, who are citizens of the United States, that always have had a tremendous influence over the Guamanians who are still there.

I was amazed at the ability of their members of the legislative branch.

From a decision of the District Court of the Northern District of California, they can take an appeal to the circuit court of appeals, and from there to the United States Supreme Court if Federal questions are involved. So whenever a Federal question is involved you can finally have the determination of the Supreme Court of the United States, according to this legislation.

Mr. ELSTON. Mr. Speaker, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. ELSTON. How is the compensation of the judges fixed?

Mr. LEMKE. The compensation will be fixed by the legislature, after the adoption of this act. The maximum salaries of some of the officers, such as the governor and lieutenant governor are limited to this act. I understand that the Senate has made some changes in that respect in a similar bill. We have no objection to the change, which is a slight reduction of the maximum salaries.

Mr. GROSS. Mr. Speaker, will the gentleman from Ohio yield?

Mr. McSWEENEY. I yield.

Mr. GROSS. Does the gentleman know what the Senate has fixed in the matter of salaries of the officials?

Mr. McSWEENEY. I think the gentleman from North Dakota [Mr. LEMKE] can advise the gentleman on that better than I.

Mr. LEMKE. What was the question?

Mr. GROSS. I wish to know what salary has been fixed for the Governor, Lieutenant Governor, and so forth.

Mr. MILLER of Nebraska. If the gentleman from Ohio will yield, perhaps I can answer the question.

Mr. McSWEENEY. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. The original bill provided \$16,000 for the Governor and \$12,500 for the Lieutenant Governor. I understand these amounts have been reduced to something like \$12,000 for the Governor, which brings it more in line. They have also reduced the per diem pay of legislators from \$15 to \$10, I believe it was; I am not quite sure, but it was a substantial reduction from the bill considered in the House. It seemed

to a number of us that the salaries originally fixed were too high, and I believe the committee would be willing to accept the version of the other body for a much lower figure.

Mr. GROSS. That is the point I wanted to make. In the State of Iowa the Governor gets \$12,500, and the Lieutenant Governor a much lower sum.

Mr. MILLER of Nebraska. That is right. The adjustment will be made in the other body.

Mr. McSWEENEY. Mr. Speaker, I yield to the gentleman from Texas [Mr. PATMAN] such time as he may desire.

THE SMALL BUSINESS ACT OF 1950—STATEMENT FULLY EXPLAINING H. R. 8566 TO CARRY OUT PROVISIONS

Mr. PATMAN. Mr. Speaker, it has been a great honor and distinction for me to join with the distinguished chairman of the Banking and Currency Committee in introducing identical bills in the House to enact the Small Business Act of 1950.

Nothing could give me greater pleasure at this time than to join with the distinguished sponsors of this proposal, both in the House and the Senate, to enact measures so close to my heart and to the needs of small business.

EXISTING BILLS

This bill, in part, embodies the substance of proposals in the Lucas-Patman bill and the Economic Expansion Act bill, both of which it was my honor to introduce in the House during the present Congress. The Lucas-Patman bill increased the percentage of participation by RFC with private banks, in small business loans, and it authorized loans for a term in excess of the present 10 years, as well as a relaxation of collateral requirements. The second bill provided for an insurance system in order to encourage the volume of private bank loans.

The present bill now sponsored by me also includes the substance of S. 2975, which provided for private investment companies, within the Federal Reserve system, to supply equity capital to small business concerns. This subject of capital banks has also received deep and sympathetic consideration within the Select Committee on Small Business, of which I have the honor to be chairman.

The present bill goes further and provides for an enlarged program of technical and managerial aids for small business, of which I have been a proponent.

SMALL BUSINESS-ANTIMONOPOLY CONFERENCE

The entire bill, with its emphasis on affirmative aids to small business—as a corollary to antimonopoly legislation—accords with the working program of the Small Business-Antimonopoly Conference called by me last year and from time to time since the first meeting. The conference consists of national representatives of 19 small business, labor, agricultural, and other organizations.

On July 31, 1949, I had the honor of announcing this working program of the Small Business-Antimonopoly Conference as—I quote—"a comprehensive program for affirmative aid to small business." The main points of this program, which I also announced would be sponsored by the Select Committee on

Small Business, are covered by the present bill, except assistance to small business in obtaining Government procurements.

The main points were—I quote again the following:

(1) The provision of adequate credit facilities to small business; (2) the establishment of a program of technical research for small business; (3) affirmative aid to small business in securing a fair share of scarce materials; (4) aid to small business in bringing advertising and distribution methods up to the standards utilized by big business; (5) backing up a program for legislation to insure that small business obtains an equitable share of Government prime contracts.

HOUSE SMALL BUSINESS COMMITTEE

Provisions in the present bill were also foreshadowed in the 82-page progress report, first session, of the Select Committee on Small Business. Of particular interest is the section entitled "Credit Facilities for Small Business," pages 41 to 43. The report stresses the need of small business for adequate sources of funds for both operating use and for capital investment, and the need for long-term loans in order to be able to expand. The report, unanimously approved by all the members of the committee, has also the following to say under the caption "Small business needs solution of loan problem now." I quote again:

The general problem of capital loans for small business is one which requires an immediate solution. The experience of Canada and Great Britain in setting up capital banks for smaller enterprises is worthy of more concentrated study. Other proposals for a wider insurance of small-business loans, for community industrial corporations, for a Federal agency to handle small-business loans have been made by persons in private life as well as by Government officials. A thorough examination of these proposals is a necessary prerequisite toward establishing a sound basis on which the legitimate demands of small-business men for more adequate lending facilities may be established.

As in many fields, investigation upon investigation of the need of small business for long-term capital has been made. Affirmative action, however, has not been taken. The committee's planning is in this direction.

BANKING AND CURRENCY COMMITTEES

It has not been my purpose, in referring to Small Business-Antimonopoly Conference, to the Select Committee on Small Business, or to prior small-business bills, to claim credit—in behalf of the conference, the House Small Business Committee, myself, or any other one Member of Congress—for the carefully worked-out provisions of the present bill. My purpose, rather, has been to show how deep is the foundation upon which this bill was constructed. I have not referred to the more immediate basic preparatory work performed by the Small Business Division of the Department of Commerce and the Banking and Currency Committees of both the House and the Senate—all of which deserve tremendous credit for the actual bill which has emerged.

PRIVATE BANKS WILL DO THE LENDING

It cannot be too clearly enunciated that this small-business loan program contemplates loans by the private banks of the country—with no cost to the Government or burden on the Federal

budget. The proposed loan insurance plan is similar to FHA home-improvement loan insurance, and should involve no cost to the Government. The capital investment companies are to be privately owned, and will be no burden on the Federal budget. RFC would also help, but largely by participating in loans by private banks willing to relax collateral requirements, and RFC assistance is not to be accorded if the private bank will make the loan. This bill, therefore, if enacted, will serve to revitalize not only small business, as generally understood, but also a great and important segment of our economy which may also be called small business, namely, the small banks of the country.

As Mr. David Lawrence, whom no one would accuse of partiality to the administration, stated in his column on May 9, in commenting on the President's message leading up to the present bill—

Mr. Truman comes forward now with something which he and his advisers have striven to formulate in such a manner as to take the Government itself out of the loan business and to put the burden on private financing with Government coordination and Government insurance as a stopgap.

As he further stated:

When the President, therefore, comes forward with what he calls a pioneer undertaking in the financing of business, it is natural that first reports should say that bankers are cool to the idea. As they examine and study it, perhaps making alternate suggestions, it may turn out to be the very thing that will increase the earnings of the banks without any such risks as would be involved in individual transactions as contrasted with group risks.

NONPARTISAN

There is no doubt in my own mind that the present bill is nonpartisan in nature and deserves nonpartisan support. As Mr. Lawrence further states:

The whole plan is designed to maintain a private-enterprise system of credit. It is the first important move toward the right in financing technique which the Truman administration has made, and it would be most unfortunate if consideration of such a plan became involved in partisan politics just because the President happens to sponsor it.

LOAN INSURANCE

The bill sets up a loan-insurance program which will permit private banks to provide credit up to \$25,000 for small businesses, or, if you please, very small businesses. This program, as stated before, is analogous to the insurance of FHA home-improvement loans, under title I of the National Housing Act. It will enable private banks to reduce the risk and expense ordinarily involved in small-business loans. The loans would run for not to exceed 5 years. The banks themselves would pass on these loans, not the Government. The insurance program is to be self-sustaining by the payment of premiums by the participating banks based on the net proceeds of loans.

INVESTMENT COMPANIES

The bill also provides for the chartering by the Federal Government of private investment companies to supply long-term credit and equity capital for independent small businesses. Under

the terms of the bill, these investment companies can be organized by any group of five or more investors, or by the Federal Reserve banks, which may in the first instance provide part or all of the minimum capital required. Certain tax advantages are accorded to these investment companies in order to permit them to accumulate adequate reserves. It may be noted again that these companies are private institutions, and they themselves may serve as an outlet for private investment by banks or individuals.

RECONSTRUCTION FINANCE CORPORATION

Under the bill, RFC would be authorized to participate with private lending institutions up to 80 percent of the amount of the loan, in making loans to eligible small businesses. The maximum term of the loan would be extended to 15 years, in place of the present 10 years, with no maximum maturity for certain loans essential to the national defense. RFC would be authorized to relax collateral requirements where management abilities and potential earnings afford reasonable expectation that loans will be repaid. In spite of this broadening of RFC's lending power, the expectation is that, by reason of the stimulation of private financing by the bill's other provisions, the need for RFC funds will be materially reduced except in the event of a business recession.

SWFC PRECEDENT

I am compelled to repeat that I feel greatly honored in being cosponsor of the proposal in this bill to enact the Small Business Act of 1950. I remember back to the bill I introduced in the House in 1942 for the enactment of the law which was later called the Small Business Mobilization Act. The law created the Smaller War Plants Corporation to assist small business through loans and otherwise. After the termination of hostilities, the scale of operations was greatly reduced, and the loan functions transferred to RFC, while other functions were transferred to the Department of Commerce. The present bill tends to reverse this change to some extent, by increasing the small-business program somewhat and again coordinating the program in a single Government agency. The House passed the Small Business Mobilization Act of 1942 unanimously, if I remember correctly, and by a nonpartisan vote. It is my hope that the Small Business Act of 1950 can be passed by the present House with comparable unanimity and by a nonpartisan vote.

SMALL BUSINESS AND THE COLD WAR

Perhaps the cold war can be won right here in the United States on the domestic front simply by buttressing our own domestic institutions and particularly the American small-business structure around which is built the hopes of free people engaged in free enterprise.

THE PRESIDENT'S SMALL-BUSINESS MESSAGE

As we all know, President Truman made the recommendations embodied in the present bill in his message of May 5, 1950. In his message the President well described the situation in regard to the difficulty of small business in obtaining

financial assistance, particularly in the way of new capital. He stated:

A generation or more ago local financial institutions and investors ordinarily took care of the capital needs of expanding small businesses. Then as now the original funds usually came, for the most part, from the owner's personal savings. If the business weathered its initial period of losses, additional money was frequently forthcoming from friends or relatives; or the local banker might well provide substantial financing—almost as a partner—for small ventures with good prospects. With an outlook for further profitable expansion, the small-business man often could obtain long-term capital aid from wealthy individuals or from larger financial institutions. In this way the vigorous smaller concern could make use of its opportunities for growth.

With the increased mechanization of industry, the capital needs of small business have greatly increased. Adequate venture capital, however, is no longer available from traditional sources. This is not because there is any shortage of savings. There are ample savings; the problem is to channel them into the hands of small-business men who need more capital to expand their operations.

Due to our remarkable gains in raising the level of incomes and in improving their distribution, the bulk of personal savings today are made by people of moderate means. They prefer to put their savings into insurance, savings accounts, or Government bonds, or into the purchase of their own homes. Wealthier people, better able to take risks, usually prefer securities of large established concerns. Large firms rarely offer their surplus cash to small businesses, except in exchange for control.

Nor do small businesses fare much better at the hands of the financial institutions through which the bulk of those savings pass. Most commercial banks of necessity grant loans to smaller concerns only if the security is ample, and then usually only for relatively short periods. A few of the largest banks whose resources permit adequate diversification have successfully engaged in long-term lending to small business on a large scale. But their facilities are available in relatively few communities and the demand is still largely unfilled.

Insurance companies and investment trusts do engage in long-term and equity financing, but principally in the well-seasoned securities of large corporations.

Floating securities on the open market is virtually out of the question for small- or medium-sized businesses.

It is clear, therefore, that our financial institutions are not meeting the expansion needs of small business. This gap should be filled.

IMPORTANCE OF SMALL BUSINESS—TO PROVIDE COMPETITION

On May 9 the President spoke of his recommendations at Cheyenne, Wyo. I quote from his prepared statement observations showing the importance of small business as providing the competition which is necessary to our private-enterprise system:

Small and independent businesses are important to the growth of the economy. They are a constant source of new ideas. They are a constant source of new jobs.

New businesses are also important to the health of the economy. In their effort to grow by serving consumers better, they provide the vigorous competition which is the heart of our private-enterprise system.

Every one of you knows somebody who has had a new idea and has built it into a business. He has not only made money, but his

business has also provided jobs and income for the whole community in which he lives.

Our country has been made great by the boldness, the daring, and the inventive genius of men like that. Our Nation would suffer a slow decay if men with ideas did not have every opportunity to build new businesses and create new wealth.

The task of economic expansion requires using all the resources of this great Nation. Of the nearly 4,000,000 business concerns in our country, more than 90 percent are usually classified as small. These small concerns provide jobs for over 20,000,000 people—roughly half of private, nonfarm employment. If we are to have an expanding economy, small business must provide its share of the additional jobs needed. In doing so, it will not only create new payrolls for workers; it will also enlarge markets generally for other businessmen and farmers.

ANTIMONOPOLY APPROACH

As the President pointed out in his Cheyenne address, one method of preserving small business as a national competitive force is the antimonopoly and antitrust approach directed against big business. I quote the President again:

We need big business in this country as well as small business, of course. We all benefit from the tremendous output at low cost of large, efficient enterprises. But the stimulus of new and vigorous competitors is necessary to keep old enterprises efficient, and to bring the greatest benefit to consumers and the public.

Since the passage of the Sherman Antitrust Act 60 years ago, we have sought to keep monopoly from stifling the growth of new business. The effectiveness of the antitrust laws has varied over the years with changes in our national administration. Right now, the antitrust laws are being enforced as actively as at any time in history. But at their very best, they are only a limited and negative approach.

We will keep on using the antitrust laws and will enforce them vigorously.

AFFIRMATIVE AIDS TO SMALL BUSINESS

However, as the President so wisely observed, another approach to the problem is to build small business up rather than to chop overbig business down for violating the antitrust laws. As the President stated in his Cheyenne address:

But we must supplement that approach—and we must act soon—with measures which will challenge the power of monopoly, not in the courts but in the market place. The force of vigorous, effective competition is the best way to prevent monopoly. If the man with new ideas has a fair chance to put his product on the market, the buyer will do the rest. We must, therefore, take measures to assist the man with new ideas, the small enterpriser, as he starts out to challenge large, powerful, and established competitors.

The recommendations I have made to the Congress rest upon three simple principles. These are that the small-business man needs long-term credit; he needs venture capital; and he needs technical assistance.

These things are needed so that the independent businessman can do more for himself. They do not involve Government controls. They will cost the Federal Government very little.

What they will do is to give the man who wants to be his own boss a better chance to use his own initiative and energy.

PRESIDENT'S REMARKS ON LOAN INSURANCE

The President explained his proposal for insuring bank loans to small business. He stated:

In the field of credit, I propose that we should insure bank loans to small businesses, such as drug stores, filling stations, and retail stores. The local banks would decide whether or not to make the loan in each case and would share some of the risk. But on the major part of the loan the bank would be insured against loss. This means that banks will be able to make safely, good loans which they now find too risky.

Thus, bankers would be able to give greater consideration to the human element in deciding whether or not to help a home-town businessman pull through a tight period. They wouldn't have to be quite so hard-boiled in demanding gilt-edged collateral.

You know, a lot of people say, when they find out what kind of collateral they have to put up for a loan at the bank, that if they had that kind of collateral they wouldn't have needed a loan in the first place.

Now, I don't think bankers act like that just because they are mean. It's because they have to be careful. This insurance would make it possible for them to do what they would like to have been doing all the time.

This proposal is similar to the insurance that has been provided for years under title I of the National Housing Act for home improvement loans. In that case it has helped the banks, helped the home owners, and the Government has made money from it. I think it will work just as well for small-business loans.

INVESTMENT COMPANIES AND RFC

The President also referred to his proposals in regard to investment companies and in regard to RFC. He stated:

Furthermore, I propose that special investment companies be set up to make venture capital and long-term loans available to help small businesses expand when they have proved their ability. This would provide a way to pool the savings of people who cannot individually make such investments, but who can, through investment companies, put them to work in growing businesses.

In addition, I propose that the Reconstruction Finance Corporation be given broader authority to handle cases which offer a good chance of success but cannot obtain private financing on reasonable terms.

These credit proposals are designed to make banks and other private sources of funds more effective in meeting the needs of small and growing businesses. They have been proposed by bankers and other private citizens who understand the problems of the small-business man. I hope the Congress will soon enact them.

PRESIDENT'S STATEMENT ON TECHNICAL ASSISTANCE

The President, in his Cheyenne address, also referred to his proposed technical assistance program for small business. I again quote from his statement:

In the field of technical assistance, small-business men are often at a serious disadvantage. They cannot afford specialists on their payrolls to keep up with the latest developments in accounting and management. They find it difficult to learn about the latest research developments that affect their business.

Under these circumstances, I propose that the Department of Commerce should expand the work it now does in providing technical and research assistance to small business. Thus, we would provide independent businessmen with the same kind of research

assistance and skilled advice which we have provided successfully to farmers for many years.

At the same time, I propose that we should make the Department of Commerce the central Government agency for small business, as well as other business, just as the Department of Agriculture is the central agency for farm activities. This would mean that the independent businessman could go to one place and obtain the advice and services he needs.

These proposals to help small business to obtain credit, risk capital, and technical assistance should do much to increase effective competition. They should result in more independent enterprises, striving more effectively to provide goods and services the people need. As such, I believe these proposals will contribute to the strength and stable growth of the country.

NOT GOVERNMENT INTERFERENCE

Finally, the President squarely took issue with the argument that his program would constitute Government interference with the economic system, stating:

I suppose it is inevitable that this small-business program will meet with determined opposition. Those who fear the rise of new competitors will not be slow in imagining danger to their privileged positions. They will hide their selfish alarm by attacking what they like to call Government interference with the economic system.

But the Government is only an instrument in the hands of the people, an instrument we use to help maintain a free, competitive, and expanding economy. That is the kind of economy all of us want.

More abundance for everyone, without the dismal cycle of boom-and-bust, is something that this Nation can have, and something we must have. To bring it about demands dynamic private enterprise, and it demands dynamic Government.

All of us, working together, can build a strong and prosperous America. And keeping our own Nation prosperous and strong is the best assurance that our struggle for prosperity, peace, and freedom in the world will end in victory.

ALL GROUPS HAVE MADE PROGRESS

In his address of May 15 in Chicago, the President reiterated his position with respect to aid to small business in discussing the many problems of our whole economy. At one point he said:

We are willing to tackle the problems that confront our country on the basis of the facts as they are now—not as they used to be.

And again:

I believe every American family has a dream of a better future, and is working to make it come true. I want those dreams to come true.

The President has shown his willingness to tackle the problems that confront our country and to tackle the problem of aiding small business to realize its dreams of a better future. The President has pointed the way by which essential financing and technological development can bring to American small business equal opportunity in solving its problems and making its dreams come true.

The President pointed out that "all groups in the economy have made progress together: businessmen, wage earners, and farmers have been moving

steadily forward. We have all shared in the economic progress of the Nation."

The President's words are true. We have all made progress. We can see it everywhere about us—in our lives, in our homes, and in our Government. We have had many programs which have been of general assistance to businessmen, to wage earners, and to farmers, and we need a continuation of those programs. Until now, however, we have not had a definite program for that segment of our business world which needs it most, that is, small business. Therefore, I was doubly glad to hear the President say, in his Chicago address, in unmistakable words:

We will carry on the fight for a program of aid to small business.

These are words for small business to remember and cherish as this program is carried forward by the Congress and the administration.

THE PRESIDENT STRESSES NEED FOR NEW LOCAL INDUSTRIES IN SPEECH AT CUMBERLAND, MD.

On May 16, in Cumberland, Md., the President pointed out the difficulty that small companies have in raising money for expansion and the desirability of helping the growth of new business which would in turn help "cities like Cumberland." The President said:

I have asked the Congress to provide assistance to small business. All over the country, business firms are growing rapidly. The greatest growth, however, is in big business. Small companies find it hard to raise the money they need to expand, and the individual businessman who wants to set up a new company has a tough time borrowing the capital to get started.

Under the plans I recommended to the Congress, it would be much easier for small businesses to obtain funds to get started, or to enlarge. I understand that your local officials here in Cumberland are working very hard to get the new industries into this area. I hope the Congress will soon enact a bill to help the growth of more new businesses, because that would help cities like Cumberland.

Later in his Cumberland speech, in words which emphasize the necessity for the Congress to enact legislation to carry out his recommended small-business program, the President said:

I want every American to have the opportunity to work at a good job, and earn enough to support his family on his own time. I am working for that goal all the time.

I think we can build permanent prosperity here in the United States if we all work together, but it will take the hardest kind of work, and complete cooperation by the Federal Government, and by the State and city governments and businessmen throughout the country.

The quotations which I have cited from the President's speeches made in Cheyenne, in Chicago, and in Cumberland are splendid examples of the many references which the President has made to the small business aid program he recommended in his message of May 5. A bill has now been drafted and introduced into both Houses of Congress to carry out the splendid recommendations of the President.

SMALL BUSINESS EXPECTS ACTION

There is no doubt in my mind, judging by the letters which I have received, that

small business throughout the country expects the Eighty-first Congress to take action on the President's recommendations. The House bills to carry out these recommendations, as I previously mentioned, have been introduced by the distinguished chairman of the House Banking and Currency Committee, the gentleman from Kentucky [Mr. SPENCE], H. R. 8565; and by me, an identical bill, H. R. 8566, entitled "The Small Business Act of 1950." In the Senate, the distinguished majority leader, Mr. LUCAS—for himself, Mr. MAYBANK, Mr. O'MAHONEY, and Mr. SPARKMAN—introduced the same bill, S. 3625. The bills in both the House and Senate have been referred to the Committee on Banking and Currency. It is my earnest conviction that the bills to enact the Small Business Act of 1950 should have early consideration by both the Senate and House Committees on Banking and Currency. I am sure they will, and before the end of this session we may, in fact, have as public law the Small Business Act of 1950.

There is a great deal said in the Halls of Congress about helping small business. In times of emergency, the Congress has acted expeditiously to pass legislation to aid and strengthen small business. We have in several acts declared that it was the policy of the Congress that small business receive a fair share of all Government procurement, although this policy has never been affirmed by a mandate of the Congress, as many of us believe it should be.

We now have before us a golden opportunity not only to talk about helping the small-business institutions of this country, but an opportunity to fully effectuate an affirmative aid program—a program of financial aid and a program of technical aid. It is a program which I am confident will meet with the approval of a substantial majority in both Houses of Congress and which will be enacted into law. It is a program which will meet the approval of a vast majority of the small-business institutions of our country. It is a program which will add strength to our whole economy—not to small business alone, but to farmers, to labor, and to consumers as well. We do not have too much time left in which to take advantage of the opportunity which is now presented to us, and I hope that we may have action on this all-important program now.

At this point I desire to include as part of my remarks the full text of H. R. 8566—Small Business Act of 1950—and a complete summary and analysis of the bill:

H. R. 8566

A bill to make capital and credit more readily available for financing small business, foster competition, and coordinate Federal aids to small business, and thus to promote, foster, and develop the domestic and foreign commerce of the United States, and for other purposes

Be it enacted, etc., That this act may be cited as the "Small Business Act of 1950."

DECLARATION OF POLICY

SEC. 2. It is the policy of the Congress—
(a) to foster the development and growth of independent small-business enterprises with the objective of enabling them to make

their maximum contribution to productive investment and employment and to the economic stability and growth of the Nation;

(b) to make capital and credit for such enterprises more readily available in adequate amounts and on reasonable terms;

(c) to facilitate maximum participation of private financial institutions and investors in financing these enterprises;

(d) to supplement the existing facilities of banks and other private financial institutions by providing for the establishment of privately owned national investment companies;

(e) to help independent small enterprises compete effectively and thereby contribute positively to restraining growth of monopoly and concentration of economic power;

(f) to improve the efficiency and competitive strength of these enterprises by making available more adequate technical and managerial aids; and

(g) to improve the coordination of Federal financing aids to these enterprises with private financing facilities, with other Federal aids to business, and with over-all credit and economic policies.

TITLE I—INSURANCE OF LOANS FOR SMALL BUSINESS

AUTHORITY TO INSURE

SEC. 101. The Secretary of Commerce (hereafter referred to in this act as the Secretary) is authorized upon such terms and conditions as he may prescribe to insure such financial institutions as the Secretary finds to be qualified by experience or facilities and approves as eligible for credit insurance against loss of principal and interest which they may sustain as a result of loans made by them to small-business enterprises.

OVER-ALL LIMIT OF INSURANCE

SEC. 102. The aggregate principal amount of loans with respect to which insurance may be granted under this title shall not exceed \$250,000,000 outstanding at any one time: *Provided*, That on or after July 1, 1951, the President may increase this limit to not more than \$750,000,000.

SCOPE OF INSURANCE AND INSURANCE RESERVE

SEC. 103. The insurance granted under this title shall provide for the reimbursement of losses—

(a) not in excess of 90 per centum of the unpaid balance of any loan, including the net interest accrued at the time of default; and

(b) not in excess of the insurance reserve of the insured institution according to the records of the Secretary at the date the claim for reimbursement of loss is approved for payment.

The insurance reserve of each institution shall be initially computed as 10 per cent of the total amount of loans on which premiums have been paid and shall be diminished by the amount of claims approved for payment. The insurance reserve, if any, to the credit of any financial institution may, from time to time, be further diminished, but only pursuant to the contract of insurance between the Secretary and such insured institution.

MAXIMUM PREMIUM CHARGE

SEC. 104. The Secretary shall fix a premium charge for the insurance granted under this title in an amount not to exceed 1½ per cent per annum of the net proceeds of each loan, payable in advance, at such time and in such manner as may be prescribed by the Secretary.

TYPE OF LOAN COVERED

SEC. 105. (a) Insurance under this title shall provide for the reimbursement of losses only with respect to loans bearing such interest, having such maturities, and subject

to such other terms and conditions as required by regulations in force at the time the insurance is granted.

(b) No insurance shall be granted under this title with respect to any obligation if the total outstanding amount of all loans under this title to the borrower would exceed \$25,000 or if the obligation has a maturity in excess of 5 years and 32 days.

(c) No insurance shall be granted under this title for any loan for agricultural purposes, as determined in accordance with regulations issued by the Secretary after consultation with the Secretary of Agriculture or for any loan with respect to which insurance is available under the National Housing Act, as amended.

(d) Any obligation with respect to which insurance is granted under this title may be refinanced or extended with continued protection under this title in accordance with such terms and conditions as the Secretary may prescribe, but in no event for an amount or an additional term or terms in excess of the maximum provided for in this section.

TRANSFER OF INSURANCE BETWEEN INSTITUTIONS

Sec. 106. The Secretary, under such regulations as he may prescribe, may transfer to any financial institution approved by him any insurance in connection with any loans which it may purchase from another approved financial institution.

REVOLVING FUND

Sec. 107. (a) The premiums and other moneys received by the Secretary in the course of operations under this title shall be deposited in a revolving fund in the Treasury of the United States. The revolving fund shall be available for defraying the operating expenses incurred under this title, and for the payment of claims in connection with the insurance granted under this title.

(b) For the purposes of carrying out the provisions of this title, there are hereby authorized to be appropriated to the revolving fund provided in this section—

(1) the sum of \$10,000,000 for the initial establishment of the revolving fund; and

(2) such further sums, if any, as may become necessary for the adequacy of the revolving fund.

(c) The Secretary shall pay annually into the Treasury, as miscellaneous receipts, interest on any sums appropriated to the revolving fund which have not been repaid into the Treasury as provided in subsection (d).

(d) The Secretary of the Treasury shall determine the interest rate annually in advance, such rate to be calculated to reimburse the Treasury for its costs in connection with such appropriated funds, taking into consideration the current average interest rate which the Treasury pays upon its marketable obligations.

(e) At least annually, any balance in the revolving fund in excess of an amount determined by the Secretary to be necessary for requirements of the fund, and for reasonable reserves to maintain the solvency of the fund, shall be paid into the Treasury as miscellaneous receipts, and any outstanding balance in the amounts appropriated to the revolving fund shall be reduced by the same amount.

(f) The Secretary, with the approval of the Secretary of the Treasury, may invest and reinvest such portions of the revolving fund as he may determine to be in excess of current needs in any interest-bearing securities of the United States or in any securities guaranteed as to principal and interest by the United States, and the income therefrom shall constitute a part of the revolving fund.

NATIONAL INVESTMENT COMPANIES AS AGENTS

Sec. 108. In granting and administering insurance under this title, the Secretary may

designate and utilize as his agent any national investment company established under title II of this act, on such basis, including the payment of fees, as may be agreed.

EXEMPTION FROM SECTION 24 OF THE FEDERAL RESERVE ACT

Sec. 109. Loans made by national banks with respect to which insurance is granted under this title shall be exempt from the provisions of section 24 of the Federal Reserve Act relating to real estate loans.

ADMINISTRATIVE PROVISIONS

Sec. 110. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Secretary, notwithstanding the provisions of any other law, except provisions of law applicable specifically to Government corporations, may—

(a) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy: *Provided*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property;

(b) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of insurance heretofore or hereafter granted under this act, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such insurance until such time as such obligation may be referred to the Attorney General for suit or collection;

(c) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of insurance granted under this act;

(d) pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Secretary in connection with real property by way of deficiency or otherwise. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of such property if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Secretary deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Secretary pursuant to the provisions of this act may be exercised by the Secretary or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Secretary from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(e) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended;

(f) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the

Government Corporation Control Act, as amended: *Provided*, That financial transactions of the Secretary, including the settlement of insurance claims and transactions related thereto and vouchers approved by the Secretary in connection with such financial transactions, shall be final and conclusive upon all officers of the Government; and

(g) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in this title.

TITLE II—NATIONAL INVESTMENT COMPANIES

ORGANIZATION OF NATIONAL INVESTMENT COMPANIES

Sec. 201. (a) National investment companies may be formed for the purpose of operating under this title by any number of persons not less than five, who shall subscribe to the articles of incorporation of any such company; except that any company in whose stock one or more Federal Reserve banks invest shall be formed by a Federal Reserve bank, which alone shall subscribe to the articles of incorporation. The total number of national investment companies formed by Federal Reserve banks pursuant hereto shall not exceed the number of Federal Reserve banks and branches thereof.

(b) The articles of incorporation of any national investment company shall specify in general terms the objects for which the company is formed, the name assumed by such company, the area or areas where its operations are to be carried on, the place where its principal office is to be located, and the amount and classes of its shares of capital stock; and the articles may contain any other provisions not inconsistent with this title that the company may see fit to adopt for the regulation of its business and the conduct of its affairs, including provision for cumulative voting in the election of directors. Such articles and any amendments thereto adopted from time to time shall be subject to the approval of the Board of Governors of the Federal Reserve System (hereinafter called the "Board").

(c) The articles of incorporation and amendments thereto shall be forwarded to the Board for consideration and approval or disapproval. In determining whether to approve the establishment of such a company and its proposed articles of incorporation, the Board shall give due regard, among other things, to the need for the financing of independent small-business enterprises in the area in which the proposed company is to commence business, the general character of the proposed management of the company, the number of such companies previously organized in the United States, and the volume of their operations. After consideration of all relevant factors, the Board may in its discretion approve the articles of incorporation and issue a permit to begin business.

(d) Upon issuance of such permit, the company shall become and be a body corporate, and as such, and in the name designated in its articles, shall have power—

(1) to adopt and use a corporate seal;

(2) to have succession for a period of 30 years, unless extended as provided in this section, or unless sooner dissolved by the act of the shareholders owning two-thirds of the stock or by an act of Congress, or unless its franchise becomes forfeited by some violation of law or regulation issued hereunder;

(3) to make contracts;

(4) to sue and be sued, complain, and defend in any court of law or equity;

(5) by its board of directors, to appoint such officers and employees as may be deemed proper, define their authority and duties, fix their compensation, require bonds of such of them as it deems advisable and fix the penalty thereof, dismiss such officers or em-

employees, or any thereof, at pleasure and appoint others to fill their places;

(6) to adopt bylaws regulating the manner in which its stock shall be transferred, its officers and employees appointed, its property transferred, and the privileges granted to it by law exercised and enjoyed;

(7) to establish branch offices or agencies subject to the approval of the Board;

(8) to acquire, hold, operate, and dispose of any property (real, personal, or mixed) whenever necessary or appropriate to the carrying out of its lawful functions;

(9) to act as depository or fiscal agent of the United States when so designated by the Secretary of the Treasury;

(10) to operate in such Federal Reserve district or districts or Territories or possessions of the United States as may be specified in its articles of incorporation and approved by the Board; and

(11) to exercise the other powers set forth in this title and such incidental powers as may be reasonably necessary to carry on the business for which the company is established.

(e) The board of directors of each national investment company shall consist of nine members all of whom shall be elected annually by the holders of the shares of stock of the company.

CAPITAL-STOCK PROVISIONS

SEC. 202. (a) Each company organized under this title shall have a paid-in capital and surplus equal to at least \$5,000,000 before it shall commence business. In order to facilitate the formation of national investment companies, each Federal Reserve bank is hereby authorized, notwithstanding any other provisions of law, to invest in the shares of stock of one or more such companies formed by any Federal Reserve bank under section 201 hereof, but with a view to the ultimate disposal of such stock to banks and other private investors as herein provided. Each Federal Reserve bank which forms a national investment company shall invest in shares of stock of such company in an amount equal to at least \$5,000,000, or an amount which, when added to the amounts, if any, of shares subscribed by other Federal Reserve banks, member banks, nonmember banks, financial institutions, corporations, partnerships, or other persons, shall equal the sum of \$5,000,000. In no event shall any Federal Reserve bank invest in shares of national investment companies if as a result thereof it will hold an amount of such shares aggregating more than 2 percent of the aggregate amount of the combined capital and surplus of all its member banks, or \$5,000,000, whichever is the greater.

(b) The shares of stock in any national investment company shall be eligible for purchase by member banks of the Federal Reserve System, nonmember banks, financial institutions, corporations, partnerships, or other persons. Each member bank is hereby authorized, notwithstanding any other provision of Federal law, to acquire and hold an amount of such shares equal to not more than 2 percent of the capital and surplus of such member bank. Upon the demand of any such eligible purchaser, a Federal Reserve bank which holds shares of stock in a national investment company shall, with the approval of the Board, including approval as to price, sell to such eligible purchaser all or a portion of such shares.

(c) The aggregate amount of shares in any such company or companies which may be owned or controlled by any stockholder, or by any group or class of stockholders, may be limited by the Board; and no one stockholder, other than a Federal Reserve bank, shall at any time, without the approval of the Board, own or control more than 10 percent of the total outstanding shares of any such company.

BORROWING POWER

SEC. 203. Each national investment company shall have authority to borrow money and to issue its debentures, bonds, promissory notes, or other obligations under such general conditions and subject to such limitations and regulations as the Board may prescribe, but in no event shall any such company issue obligations which would cause the amount outstanding at any one time to exceed the amount of its capital stock and surplus.

ELIGIBLE ENTERPRISES

SEC. 204. The Board, after consultation with the Secretary of Commerce, shall promulgate standards to determine the eligibility of business enterprises for the purposes of this title. In promulgating such standards, which may differ according to the types of financing or other relevant factors, the Board shall give consideration to—

- (a) the policies set forth in section 2;
- (b) the criteria set forth in section 603; and
- (c) the extent to which such enterprises have reasonable access to facilities for credit and equity financing.

LOANS AND INVESTMENTS

SEC. 205. (a) Each national investment company shall have authority to make or acquire loans with or without security to business enterprises which are eligible under this title, or to purchase obligations of such enterprises. Such loans, purchases, or other acquisitions may be made either directly or in cooperation with banks or other lending institutions, through agreements to participate or by the purchase of participations, commitments to purchase, or otherwise, as the company may determine.

(b) Each national investment company shall have authority to acquire, and to resell to the issuer or to others, the income debentures or bonds, common or preferred stocks, or other capital shares of business enterprises eligible under this title.

AGGREGATE LIMITATIONS

SEC. 206. Without the approval of the Board, the aggregate amount of obligations and securities acquired and for which commitments may be issued by any national investment company under the provisions of this title which exceed the sum of \$300,000 for any single enterprise shall not exceed 33 1/3 percent of the combined capital and surplus and maximum indebtedness of such national investment company authorized by this title.

EXEMPTIONS

SEC. 207. (a) The loans of any national banking association which are acquired by any national investment company, in the making of which such company participates, or for any part of which a commitment to purchase is issued hereunder shall not be subject to the limitations on real-estate loans prescribed in section 24 of the Federal Reserve Act, as amended.

(b) Section 3 of the Securities Act of 1933, as amended, is hereby amended by inserting at the end thereof the following new subsection (c):

"(c) The Commission may from time to time by its rules and regulations, and subject to such terms and conditions as may be prescribed therein, add to the securities exempted as provided in this section any class of securities issued by a national investment company under the Small Business Act of 1950, if it finds, having regard to the purposes of that act, that the enforcement of this title with respect to such securities is not necessary in the public interest and for the protection of investors."

(c) Section 304 of the Trust Indenture Act of 1939 is hereby amended by adding the following new subsection (e):

"(e) The Commission may from time to time by its rules and regulations, and subject to such terms and conditions as may be prescribed therein, add to the securities exempted as provided in this section any class of securities issued by a national investment company under the Small Business Act of 1950, if it finds, having regard to the purposes of that act, that the enforcement of this title with respect to such securities is not necessary in the public interest and for the protection of investors."

TAX PROVISIONS

SEC. 208. (a) Section 361 (a) of the Internal Revenue Code is amended by inserting before the word "registered" the following: "chartered under the Small Business Act of 1950 as a national investment company or is".

(b) Section 361 (b) (1) of the Internal Revenue Code is amended by inserting immediately after the words "90 percent" the following: "(75 percent in the case of a national investment company chartered under the Small Business Act of 1950)".

(c) Section 361 (b) (3) of the Internal Revenue Code is amended by changing the semicolon immediately preceding the word "and" at the end thereof to a period and inserting after such period the following: "If the Board of Governors of the Federal Reserve System determines that it is necessary and appropriate to accomplishment of the purposes of the Small Business Act of 1950 that any national investment company be exempt from the requirements of this subparagraph, it shall certify such determination to the Secretary of the Treasury and, in such event, the limitations prescribed in this subparagraph shall not apply."

(d) Section 362 of the Internal Revenue Code is amended as follows:

(1) By amending the first paragraph of subsection (b) thereof to read as follows:

"(b) Method of taxation of companies and shareholders: In the case of the regulated investment company which distributes during the taxable year to its shareholders as taxable dividends other than capital gain dividends an amount not less than 90 percent of its net income for the taxable year (in the case of a national investment company, increased by the amounts described in subsection (c) (3) (iv) of this section, and decreased by the amounts described in subsection (c) (5) (ii) of this section) computed without regard to net long-term and net short-term capital gains, and complies for such year with all rules and regulations prescribed by the Commissioner, with the approval of the Secretary, for the purpose of ascertaining the actual ownership of its outstanding stock:"

(2) By adding thereto a new subsection (c) to read as follows:

"(c) National Investment Company reserve:

"(1) Reserve generally: A regulated investment company which is a national investment company may, under regulations prescribed by the Commissioner, with the approval of the Secretary, establish and maintain a reserve subject to the limitations provided in this subsection.

"(2) Limitation on reserve: The amount of the reserve shall not at any time exceed the lesser of (i) 50 percent of the invested capital of the company as defined in paragraph (7) of this subsection, or (ii) the accumulated earnings and profits determined as of the close of the taxable year.

"(3) Charges to reserve: The reserve shall be charged as of the end of the taxable year (whether or not such charge produces a minus amount in the reserve) with the following:

"(i) the net capital loss for the taxable year determined under section 117 (a) (11);

"(ii) the net operating loss for the taxable year, determined under section 122 (a);

"(iii) the Federal income taxes attributable to the amount added to the reserve under paragraph (5) of this subsection; and

"(iv) such amount as may be necessary by reason of the limitation provided in paragraph (2) of this subsection.

"(4) Mandatory additions to the reserve: There shall be added to the reserve as of the close of the taxable year the following:

"(i) an amount equal to the excess of the net capital gain for the taxable year computed without regard to section 117 (e) (relating to capital loss carry-over) over the net capital gain for the taxable year; and

"(ii) an amount equal to the excess of the net income for the taxable year computed without regard to section 23 (s) (relating to the net operating loss deduction) over the net income for the taxable year.

"(5) Discretionary addition to the reserve: In any year in which an amount (other than the amounts described in paragraph (4) of this subsection) is added to the reserve, the company shall, in the computation of net income for the purposes of this section be allowed—

"(i) a deduction from net income equal to such amount of the addition to the reserve as does not cause the aggregate amount of the reserve (including such addition) to exceed 20 percent of the invested capital of the company as defined in paragraph (7) of this subsection; and

"(ii) the dividends received credit provided in section 26 (b) but such credit shall not exceed 85 per cent of the portion of amounts added to the reserve under this paragraph which is not deductible from net income under the preceding clause of this paragraph.

"(6) Reduction or termination of reserve: In the event of a reduction or termination of the reserve in connection with a partial or complete liquidation of the company (or of any company to which the reserve has been transferred in an exchange upon which gain was not recognized by reason of section 112) the gain realized by a stockholder upon any such liquidation shall, to the extent of the pro rata share of the reserve, be considered as gain from the sale or exchange of property held for less than 6 months.

"(7) Invested capital: For the purposes of paragraph (1) of this subsection the term 'invested capital' means the sum, determined as of the close of the taxable year, of—

"(i) the amount of money or property (included in an amount equal to its unadjusted basis without regard to the value of the property as of March 1, 1913, except that if such basis is a substituted basis, it shall be adjusted, with respect to the period before the property was paid in, by an amount equal to the adjustments proper under section 115 (1) for determining earnings and profits) previously paid in for stock, or as paid-in surplus or as a contribution to capital, reduced by the amount of distributions not out of earnings and profits in the year of distribution and not out of accumulated earnings and profits; and

"(ii) the amount of the outstanding indebtedness (not including interest) of the company which is evidenced by a bond, note, bill of exchange, debenture, certificate of indebtedness, mortgage, or deed of trust, except that indebtedness not represented by a bond or debenture shall not be included in excess of an amount equal to the average daily amount of indebtedness not so represented which was outstanding during the taxable year."

(e) Each national investment company established under this title, including its franchise, capital, reserves, and surplus, its income, its real property, its tangible and intangible personal property, its obligations (both as to principal and income derived therefrom), shall be subject to taxation, in the same manner and to the same extent as a State-chartered institution of similar char-

acter by any State, county, municipality, or local taxing authority or by any Territory, dependency or possession of the United States; and its real property shall be subject to special assessments for local improvements.

MISCELLANEOUS

SEC. 209. (a) Wherever practicable the operations of a national investment company shall be undertaken in cooperation with banks or other financial institutions, and any servicing or initial investigation required for loans or acquisitions of securities by the company under the provisions of this title may be handled through such banks or other financial institutions on a fee basis.

(b) Each national investment company may make use, wherever practicable, of the advisory services of the Federal Reserve System and of the Department of Commerce which are available for and useful to industrial and commercial businesses, and may provide consulting and advisory services on a fee basis and have on its staff persons competent to provide such services. Subject to the supervision and direction of the Board, any Federal Reserve bank is authorized to act as a depository or fiscal agent for any company organized under this title. Such companies may invest funds not reasonably needed for their current operations in direct obligations of, or obligations guaranteed as to principal and interest by, the United States.

(c) The Board is authorized to prescribe regulations governing the operations of national investment companies and to carry out the provisions of this title in accordance with the purposes of this act. Each national investment company shall be subject to examinations made by direction of the Board by examiners selected or approved by the Board, and the cost of such examinations, including the compensation of the examiners, may in the discretion of the Board be assessed against the company examined and when so assessed shall be paid by such company. Every such company shall make such reports to the Board at such times and in such form as the Board may require.

(d) The Secretary is authorized to advise and assist in promoting national investment companies.

(e) Each national investment company is authorized to act as agent for the Secretary when so designated by him pursuant to section 108 of this act, in granting and administering insurance under title I of this act.

(f) Should any national investment company violate or fail to comply with any of the provisions of this title or of regulations prescribed hereunder, all of its rights, privileges, and franchises derived herefrom may thereby be forfeited. Before any such company shall be declared dissolved, or its rights, privileges, and franchises forfeited, any non-compliance with or violation of this title shall, however, be determined and adjudged by a court of the United States of competent jurisdiction in a suit brought for that purpose in the district or Territory in which the principal office of such company is located, which suit shall be brought by the United States at the instance of the Board or the Attorney General.

(g) Whenever in the judgment of the Board any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this title or of any regulation thereunder, the Board may make application to the proper district court of the United States, or the United States courts of any Territory or other place subject to the jurisdiction of the United States, for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and such courts shall have jurisdiction of such actions and upon a showing by the Board that such person has engaged or is about to engage in any such acts or

practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(h) Any national investment company may at any time within the 2 years next previous to the date of the expiration of its corporate existence, by a vote of the shareholders owning two-thirds of its stock, apply to the Board for approval to extend the period of its corporate existence for a term of not more than 30 years, and upon approval of the Board as provided in section 201 hereof such company shall have its corporate existence extended for such period unless sooner dissolved by the act of the shareholders owning two-thirds of its stock, or by an act of Congress, or unless its franchise becomes forfeited as herein provided.

(i) Nothing in this act or in any other provision of law shall be deemed to impose any liability on the United States or on any Federal Reserve bank with respect to any obligations entered into, or stocks issued, or commitments made, by any company organized under this title.

TITLE III—AMENDMENTS TO RECONSTRUCTION FINANCE CORPORATION ACT

LOANS TO ENCOURAGE SMALL BUSINESS

SEC. 301. (a) Subsection (a) of section 4 of the Reconstruction Finance Corporation Act, as amended, is hereby amended by renumbering paragraphs "(2)", "(3)", and "(4)" thereof "(3)", "(4)", and "(5)", respectively, and inserting therein the following new paragraph:

"(2) To make loans to any small-business enterprise (as determined pursuant to section 603 of the Small Business Act of 1950, and the classifications established thereunder) which is a worthy credit risk but does not have adequate collateral, either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise, for the purpose of meeting the credit requirements of such business enterprise: *Provided*, That management abilities, potential earnings, and other factors deemed pertinent by the Corporation afford a reasonable expectation that the loan will be repaid."

(b) The second sentence of paragraph (1) of section 4 (b) of the Reconstruction Finance Corporation Act, as amended, is hereby amended by striking out "(2), and (3)" and inserting in lieu thereof "(3), and (4)."

(c) Subsection (c) of section 4 of the Reconstruction Finance Corporation Act, as amended, is amended by striking out "(a) (4)", "(a) (3)", and "(a) (2)" and inserting in lieu thereof "(a) (5)", "(a) (4)", and "(a) (3)", respectively.

AVAILABILITY OF OTHER FINANCING

SEC. 302. The first sentence of paragraph (1) of section 4 (b) of the Reconstruction Finance Corporation Act, as amended, is hereby amended to read as follows:

"No financial assistance shall be extended pursuant to paragraphs (1), (2), (3), and (4) of subsection (a) of this section, unless the financial assistance applied for is not available on reasonable terms from other sources, including with respect to paragraphs (1) and (2) national investment companies established under the Small Business Act of 1950."

MATURITIES

SEC. 303. Paragraph 2 of section 4 (b) of the Reconstruction Finance Corporation Act, amended, is hereby amended by—

(a) striking out "ten" whenever it appears and inserting in lieu thereof "fifteen";

(b) changing the period at the end of the first sentence to a colon and adding the following: "*Provided further*, That any loan to a business enterprise made for a purpose essential to the national defense as determined by the President through such officials as he may designate may be made with

such maturity as the Corporation may determine"; and

(c) striking out "sections 4 (a) (1), (2), and (4)" and inserting in lieu thereof "paragraphs (1), (2), (3), and (5) of subsection (a) of this section"; striking out "subsection 4 (a) (3)" in the last sentence and inserting in lieu thereof "paragraph (4) of subsection (a) of this section."

PARTICIPATION LIMITS

Sec. 304. Paragraph (3) of subsection (b) of section 4 of the Reconstruction Finance Corporation Act, as amended, is amended by striking out the period at the end thereof and inserting a colon and the following: "Provided, That such participation by the Corporation shall be limited to 80 percent of the balance of the loan outstanding at the time of the disbursement, in those cases where the loan is made pursuant to paragraph (2) of subsection (a) of this section."

TITLE IV—CHANGES IN FEDERAL RESERVE AUTHORITY

REPEAL OF SECTION 13B OF THE FEDERAL RESERVE ACT

Sec. 401. Effective 1 year after the date of enactment of this act, section 13b of the Federal Reserve Act is hereby repealed; but such repeal shall not affect the power of any Federal Reserve bank to carry out, or protect its interest under, any agreement theretofore made or transaction entered into in carrying on operations under that section.

RETURN OF FUNDS TO TREASURY

Sec. 402. (a) Within 60 days after the enactment of this act, each Federal Reserve bank shall pay to the United States the aggregate amount which the Secretary of the Treasury has heretofore paid to such bank under the provisions of section 13b of the Federal Reserve Act; and such payment shall constitute a full discharge of any obligation or liability of the Federal Reserve bank to the United States or to the Secretary of the Treasury arising out of subsection (e) of said section 13b or out of any agreement thereunder.

(b) The amounts repaid to the United States pursuant to section 402, and any remaining balance of the funds set aside in the Treasury for payments under section 13b of the Federal Reserve Act shall be covered into miscellaneous receipts.

AUTHORITY TO SELL ASSETS TO NATIONAL INVESTMENT COMPANIES

Sec. 403. Any national investment company organized under this act may purchase from any Federal Reserve bank, and any Federal Reserve bank is authorized to sell to any such company, at such reasonable price as may be agreed upon, any or all of the assets heretofore or hereafter acquired by such Reserve bank under the provisions of section 13b of the Federal Reserve Act.

TITLE V—TECHNICAL AND MANAGERIAL AIDS

USE OF EXISTING AUTHORITY

Sec. 501. In providing technical and managerial aids to business, the Secretary is hereby directed to give special emphasis to the requirements of small business. This emphasis shall apply, but not be limited to, the exercise of the Secretary's authority—

(a) to conduct and stimulate research, in cooperation with other Federal and State agencies and private organizations, or otherwise, in the basic problems of production, distribution, and marketing of nonagricultural commodities and products;

(b) to collect information on costs of distribution of, and to promote more efficient marketing methods, practices, and facilities for, nonagricultural commodities and products;

(c) to conduct research and to foster and promote the development of new products and new and expanded markets for nonagricultural commodities and products, and in this connection to cooperate with the Admin-

istrator of General Services in making recommendations to Federal procurement agencies with respect to policies and procedures; and, further, to make available the results of studies of domestic productive potential of small-business enterprises to the General Services Administration, the Department of Defense, the National Security Resources Board, and other interested Federal agencies;

(d) to collect and disseminate information on market developments and prospects for nonagricultural commodities and products, including procurement programs for Federal departments and agencies;

(e) to prepare and disseminate to business the best information available on sound management policies, procedures, and practices and to cooperate with public and private organizations in encouraging research, study, and instruction on these subjects;

(f) to conduct research and such other activities as may be necessary to promote the development and use of sound financial practices in the operation of business enterprises; and

(g) to conduct and stimulate research, in cooperation with appropriate public and private bodies or otherwise, to strengthen and develop business by areas and regions, and to improve the economic basis for such development.

CLEARINGHOUSE FOR TECHNICAL AND MANAGERIAL INFORMATION

Sec. 502. (a) The Secretary is hereby directed to establish and maintain within the Department of Commerce a clearinghouse for the collection, dissemination, and exchange of scientific, technical, engineering, and managerial information on nonagricultural commodities and products, and to this end to take such steps as he may deem necessary and desirable—

(1) to search for, collect, classify, coordinate, integrate, record, and catalog such information from whatever sources, foreign and domestic, that may be available; and

(2) to make such information available to industry and business, with special emphasis on the needs of small business, to State and local governments, to other agencies of the Federal Government, and to the general public.

(b) The Secretary is hereby authorized to call upon other departments and independent establishments and agencies of the Government to provide, with their consent, such available services, facilities, or other cooperation as he shall deem necessary or helpful in carrying out the provisions of this title, and he is directed to utilize existing facilities to the full extent deemed feasible.

DEVELOPMENTAL, ENGINEERING, AND TECHNOLOGICAL RESEARCH

Sec. 503. The Secretary is hereby authorized to undertake, through the National Bureau of Standards, other Federal laboratories, nonprofit research foundations and educational institutions, or other facilities available to him, engineering and technological research on industrial, commercial, and related programs of interest to small business on nonagricultural commodities and products. No such project shall be undertaken unless he finds that it is unlikely that the objective of such project will be equally well achieved within a reasonable period of time (1) by private enterprise or (2) by any other research or development undertaken or sponsored by the Government or other public authority.

MISCELLANEOUS PROVISIONS

Sec. 504. (a) To the full extent feasible in achieving the objectives of this title, the publications, services, and functions provided under sections 501, 502, and 503 which are for the special use and benefit of private groups and individuals, shall be self-sustaining or self-liquidating; but nothing herein shall be construed to require the levying of

fees or charges for services performed or publications furnished to any agency or instrumentality of the Federal Government, or for publications which are distributed pursuant to reciprocal arrangements for the exchange of information or which are otherwise issued primarily for the general benefit of the public.

(b) In administering the policies set forth in subsection (a) above, the Secretary shall establish, from time to time, a schedule or schedules of reasonable fees or charges for services performed and for documents or other publications furnished under this title: *Provided*, That moneys hereafter received by the Secretary in payment of such services and publications under this title may be deposited in a revolving fund in the Treasury, to be available for the expenses of performing the services and preparing and printing the documents or other publications authorized under this title and for making refunds to organizations and individuals when entitled thereto: *Provided further*, That at least annually any balance in the revolving fund in excess of an amount determined by the Secretary to be necessary for the requirements of the fund shall be paid into the Treasury as miscellaneous receipts. Appropriations for the capital of the revolving fund are hereby authorized.

(c) The Superintendent of Documents is authorized to distribute documents and publications furnished under this title by public sale at cost plus 50 percent and to reimburse the revolving fund for the cost of such documents and publications sold: *Provided*, That a discount of not to exceed 25 percent may be allowed to authorized book dealers and quantity purchasers.

(d) When in his judgment work to be performed under this title will be carried out more effectively or more rapidly, or at less cost than if performed by the Department of Commerce, the Secretary may enter into contracts with such public or private organizations or individuals as he may find qualified to carry on such work.

TITLE VI—MISCELLANEOUS PROVISIONS

DELEGATION OF AUTHORITY

Sec. 601. The functions of the Secretary under this act shall be performed by him or, subject to his direction and control, by such officers, agencies, or corporations of the Government which are under his supervision, as he may designate. There shall be in the Department of Commerce one additional Assistant Secretary of Commerce, who shall be appointed by the President, by and with the advice and consent of the Senate, who shall receive compensation at the rate prescribed by law for assistant secretaries of executive departments, and who shall perform such duties as the Secretary shall prescribe.

COORDINATION WITH ECONOMIC AND FISCAL POLICIES

Sec. 602. The President may, at any time or times, reduce, for such periods as he shall specify, the maximum authorized principal amounts, maximum maturities, or maximum percentage of Federal Insurance or participation of any type or types of loans for business which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch, or by any wholly owned Government corporation or mixed-ownership Government corporation as defined in the Government Corporation Control Act upon a determination, after taking into consideration the effect thereof upon general economic conditions and upon the national economy, that such action is necessary or desirable to coordinate the business-aid functions and activities of the Federal Government with its general economic and fiscal policies.

ELIGIBLE ENTERPRISES

Sec. 603. For the purposes of administering this act other than title II hereof, the Secretary shall establish such classifications

of business enterprises as he deems appropriate. Such classifications shall relate to appropriate industry groupings and in no case to individual enterprises as such. In establishing these classifications the Secretary shall give consideration to the policies set forth in section 2, with special reference to the following criteria:

- (a) the relative size and importance of businesses operating in the industry;
- (b) the competitive circumstances of the industry, and the businesses therein, including the degree of independence of such businesses; and
- (c) such other factors as may be appropriate.

AUTHORITY TO PROMULGATE AND WAIVE REGULATIONS

Sec. 604. (a) The Secretary may make such rules and regulations as he deems necessary to carry out the authority vested in him by or pursuant to this act. Any such rule or regulation issued under this act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the Secretary are necessary or proper in order to effectuate the purposes of this act.

(b) The Secretary is authorized to waive compliance with regulations prescribed by him under this act if, in his judgment, such regulations have been substantially complied with in good faith and where such waiver does not involve an increase of the obligation of the Secretary beyond the obligation which would have been involved if the regulation had been fully complied with.

ADMINISTRATIVE PROVISIONS

Sec. 605. In the performance of, and with respect to, the functions, powers, and duties vested in him by this act, the Secretary, notwithstanding the provisions of any other law, may—

- (a) prepare and disseminate information concerning the activities undertaken under this act;
- (b) enter into contracts; and
- (c) employ experts and consultants or organizations thereof as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a), and individuals so employed may be compensated at rates not in excess of \$50 per diem and shall be allowed travel expenses as authorized by section 5 of said act (5 U. S. C. 73b-2) for persons so employed. Service of an individual as such expert or consultant shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, or 284 of title 18, United States Code, or of Revised Statutes 190, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

REPORTS

Sec. 606. The Secretary shall report annually to the Congress through the President on the program authorized by this act.

PENALTIES

Sec. 607. (a) Title 18, United States Code, section 493, is amended by inserting the phrase "Department of Commerce," after the phrase "Federal Housing Administration,".

(b) Title 18, United States Code, section 657, is amended by inserting the phrase "Department of Commerce," after the phrase "Federal Housing Administration,".

(c) Title 18, United States Code, section 1006, is amended by inserting the phrase "Department of Commerce," after the phrase "Federal Housing Administration,".

(d) Title 18, United States Code, section 1010, is amended by inserting the phrase "or Department of Commerce," after the phrase "Federal Housing Administration,".

(e) Title 18, United States Code, section 1014, is amended by inserting the phrase

"or a national investment company organized under title II of the Small Business Act of 1950" after the words "Federal Reserve bank".

GEOGRAPHIC APPLICABILITY

Sec. 608. The authority provided in this act shall be applicable in the United States, including the District of Columbia and the Territories and possessions.

RIGHT TO AMEND THIS ACT

Sec. 609. The right to amend, alter, or repeal this act is hereby expressly reserved.

AUTHORIZATION OF APPROPRIATIONS

Sec. 610. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be required to carry out the purposes of this act.

SUMMARY AND ANALYSIS OF PROPOSED SMALL BUSINESS ACT OF 1950

The proposed Small Business Act of 1950 would assist small business in overcoming the handicaps it faces in obtaining financing and in keeping abreast of new techniques in production and management. By expanding opportunities for efficient small business, the program would promote more effective competition, stimulate technical progress, and foster the increasing investment and employment essential to the stability and growth of the free-enterprise system.

PART A. SUMMARY OF BILL

Title I. Small-business loan insurance (Bimson plan)

To help meet the credit and capital needs of very small business, the legislation would authorize establishment of a new self-sustaining loan-insurance program.

1. Organization and financing: The Secretary of Commerce would be authorized to insure bank loans to small-business concerns. A revolving fund would be set up in the Treasury, with an initial authorized appropriation of \$10,000,000. Participating banks would pay a maximum annual insurance premium of 1½ percent of the net proceeds of each loan.

2. Nature of insurance: The plan is generally patterned after the FHA title I insurance scheme for home-improvement loans. It would permit the Secretary to insure bank loans to small-business concerns if the loans did not exceed \$25,000 and 5 years in maturity. Each participating bank would be entitled to draw on a reserve for losses equal to 10 percent of its loans on which premiums had been paid. In no case, however, would the insurance cover more than 90 percent of the unpaid balance on an individual loan. A limit of \$750,000,000 is set on outstanding insured loans.

Title II. National investment companies

To increase the availability of venture capital to enterprises with somewhat larger financing requirements, the bill would authorize the creation of a new type of private financial institution. This would help fill the chief gap in the private business financial structure.

1. Organization and supervision: The Board of Governors of the Federal Reserve System would be authorized to promote, charter, and supervise national-investment companies. Supervision would be designed to assure sound financial practices and compliance with statutory and administrative requirements.

2. Financing: Each investment company would be required to have a minimum paid-in capital of at least \$5,000,000. It would be authorized to issue debentures up to the amount of its capital and surplus. Stock of the companies could be purchased by any financial institution (including any Federal Reserve bank) or by any other person or group. Maximum limits would be placed on

the amounts of such stock held by Federal Reserve banks and their members. For tax purposes, these companies would be treated as regulated investment companies, but with more liberal provisions for reserves and for carry-over of losses.

3. Authority of companies: The companies would be authorized to provide both credit and capital to business enterprises. The Federal Reserve Board, after consultation with the Secretary of Commerce, would establish standards for determining the types of business eligible for financial assistance. In the main, these would consist of businesses which are too small to obtain capital efficiently through the organized securities markets.

Title III. Changes in RFC program

To increase the effectiveness of RFC as a backstop for the private financial structure, the RFC's lending authority would be broadened and its operations more closely integrated with the rest of the small-business program.

1. Relationship to new programs: The RFC law would be amended to provide that RFC financing would be available only if neither the existing private institutions nor the new investment companies could provide aid on reasonable financing terms.

2. Changes in lending authority: RFC participation could be increased and collateral requirements relaxed in the case of loans to small enterprises when management abilities and potential earnings afford reasonable expectation of repayment. The present 10-year maximum maturity on RFC loans to business would be increased to 15 years, with no maximum maturity for certain loans essential to the national defense.

Title IV. Termination of Federal Reserve industrial loan program

To simplify the organization of Federal financial aids to small business, the inactive industrial-loan program of the Federal Reserve banks would be terminated. The \$139,000,000 provided for this program would be covered into miscellaneous receipts.

Title V. Technical, marketing, and managerial aids

To help small business become more efficient, the existing technical and managerial aids provided by the Secretary of Commerce would be strengthened. The Secretary of Commerce would be authorized to establish a clearing house for technical data for business use and to carry out developmental work on promising discoveries through Government laboratories and other facilities. In these programs as well as in existing technical and managerial aids to business, he would be directed to give special emphasis to the requirements of small business and to provide these services as far as feasible on a self-sustaining basis.

Title VI. Miscellaneous provisions

The bill also would provide administrative authority to carry out its purposes, including authority for the President to reduce certain statutory maximum limits with respect to Federal programs of financial assistance to business where necessary to coordinate such programs with general economic and fiscal policies of the Government.

PART B. SECTION-BY-SECTION ANALYSIS OF THE BILL

Title I. Insurance of loans for small business

SECS. 101-102. Authority to insure and over-all limit of insurance: The Secretary of Commerce would be authorized to insure eligible financial institutions against loss on loans to small business up to a principal amount of \$250,000,000, with authority for the President to increase this amount by an additional \$500,000,000 after July 1, 1951.

Sec. 103. Scope of insurance and insurance reserve: Reimbursement for loss could not exceed 90 percent of the unpaid balance on

an individual loan nor the amount of the insurance reserve of any financial institution. This reserve would be 10 percent of the cumulative total of loans on which premiums have been paid by the institution less claims on bad loans.

Sec. 104. Maximum premium charge: The annual premium charge could not exceed 1½ percent of the net proceeds of the loan.

Sec. 105. Type of loan covered: Loans to any one borrower could not exceed \$25,000, nor have a maturity in excess of 5 years, but could be extended up to an additional 5 years. Agricultural and housing loans would be ineligible.

Sec. 106. Transfer of insurance between institutions: Insurance could be transferred if a loan on which premiums have been paid is transferred from one approved institution to another.

Sec. 107. Revolving fund: A revolving fund would be set up in the Treasury, with authorizations for an immediate appropriation of \$10,000,000 and later additions, if necessary. Such appropriated funds would bear interest at the current rate on marketable United States obligations, and would be repaid into miscellaneous receipts when no longer needed. Temporarily idle funds could be invested in United States securities.

Sec. 108. National investment companies as agents: In administering this program, the Secretary of Commerce would be authorized to employ investment companies organized pursuant to title II as agents.

Sec. 109. Exemption from section 24 of the Federal Reserve Act: Loans covered by insurance which are made by national banks would be exempt from section 24 of the Federal Reserve Act, relating to collateral, maturities, and allowable aggregate amount of real-estate loans.

Sec. 110. Administrative provisions: Specific powers necessary for administering a loan-insurance program would be conferred on the Secretary of Commerce.

Title II. National investment companies

Sec. 201. Organization of national investment companies: The Board of Governors of the Federal Reserve System would be authorized to charter national investment companies with all legal powers necessary to conduct a business-financing operation, such as the power to make contracts and to acquire real estate. These companies would be managed by a board of directors consisting of nine members elected annually by the shareholders.

Sec. 202. Capital stock provisions: Each national investment company would be required to have minimum paid-in capital and surplus of \$5,000,000. The capital stock could be subscribed by any private institution or individual, or by any Federal Reserve bank. Limitations would be placed on the amount of stock owned by any Federal Reserve bank or any member bank. Federal Reserve banks would be required to sell their shares to other eligible purchasers on demand. No stockholder would be authorized to own or control more than 10 percent of the outstanding shares of any investment company.

Sec. 203. Borrowing power: Each national investment company would be authorized to borrow and to issue obligations up to the amount of its capital stock and surplus.

Sec. 204. Eligible enterprises: The Federal Reserve Board, after consultation with the Secretary of Commerce, would prescribe standards for determining the types of business eligible for financial assistance from investment companies.

Sec. 205. Loans and investments: Investment companies would be authorized to supply equity capital as well as long-term credit to eligible enterprises.

Sec. 206. Aggregate limitation: No investment company would be authorized to employ more than 33⅓ percent of its resources in assisting firms receiving \$300,000 or more.

Sec. 207. Exemptions: Loans by national banks which are subject to participation by a national investment company would be exempt from the provisions of section 24 of the Federal Reserve Act in the same manner as loans under section 109 of the bill.

The Securities and Exchange Commission would be authorized to exempt securities issued by national investment companies from the Securities Act of 1933, and the Trust Indenture Act of 1939.

Sec. 208. Tax provisions: For tax purposes, national investment companies would be treated as regulated investment companies, for which the Revenue Code makes special provision. Regulated investment companies with assets diversified in accordance with the Code pay no tax on their distributed net income, provided they distribute at least 90 percent of such income (exclusive of capital gains). The undistributed portion is subject to the full corporate rate of 38 percent.

In several respects, however, the proposed provisions applicable to national investment companies differ from those covering other regulated investment companies; national investment companies would be—

(1) exempt, subject to the discretion of the Federal Reserve Board, from certain standards in the Revenue Code governing diversification of assets;

(2) authorized to carry over operating losses in the computation of net income;

(3) authorized to obtain up to 25 percent of gross income from sources other than interest, dividends, and capital gains; and

(4) permitted to accumulate a tax-free reserve equal to 20 percent of the invested capital of the company. Additional reserves up to 50 percent of invested capital, if derived from dividend income, would be eligible for an 85-percent dividends-received credit and thus taxed at an effective rate of 5.7 percent.

National investment companies would be subject to all State and local taxes applicable to a State-chartered institution of similar character.

Sec. 209. Miscellaneous: Wherever practicable, national investment companies would grant financial assistance in cooperation with banks or other financial institutions. They would be authorized to provide advisory services.

The Federal Reserve Board would be authorized to examine and supervise the investment companies. The Secretary of Commerce would be authorized to advise and assist in the promotion of the investment companies.

The charter of a national investment company could be revoked for violation of the Act or regulations thereunder through appropriate proceedings in a Federal court; or injunctions and court orders could be obtained.

Title III. Amendments to Reconstruction Finance Corporation Act

Sec. 301. Loans to encourage small business: Authority would be provided for RFC to make unsecured loans to small businesses which are worthy credit risks but do not have adequate collateral, provided that management abilities and potential earnings afford reasonable expectation that the loans will be repaid.

Sec. 302. Availability of other financing: The prohibition in the RFC Act on loans by the Corporation where financing is available at reasonable terms from private sources would be made specifically applicable where funds are available from a national investment company.

Sec. 303. Maturities: The maturity limit on RFC business loans would be raised from 10 to 15 years. In addition, the limit would be removed on loans essential for national defense, as determined by the President through such officials as he may designate.

Sec. 304. Participation limits: In making loans to eligible small businesses, the Corporation would be authorized to participate with private lending institutions up to 80 percent of the amount of the loan. In present law, the limits are 60 percent for loans over \$100,000 and 70 percent for those \$100,000 and under.

Title IV. Changes in Federal Reserve Authority

Sec. 401. Repeal of section 13b of the Federal Reserve Act. The industrial loan authority of the Federal Reserve banks would be terminated.

Sec. 402. Return of funds to Treasury. The funds originally made available to the Federal Reserve banks for this program (totaling \$139,000,000), would be paid into budget receipts.

Sec. 403. Authority to sell assets to national investment companies. Federal Reserve banks would be authorized to sell to national investment companies any outstanding loans made under the industrial loan program.

Title V. Technical and managerial aids

Sec. 501. Use of existing authority: The Secretary of Commerce would be directed to give special emphasis to the requirements of small business in providing technical and managerial aids to business.

Sec. 502. Clearing-house for technical and managerial information: The Secretary of Commerce would be directed to establish a clearing-house to collect, disseminate, and exchange scientific, engineering, and managerial information of assistance to business, particularly small business.

Sec. 503. Developmental, engineering, and technological research: The Secretary of Commerce would be authorized to undertake research on technical problems of interest to small business, including developmental work on new products and processes.

Sec. 504. Miscellaneous provisions: To the full extent feasible in achieving the objectives of this title, publications issued and services performed for the benefit of private groups and individuals would be on a self-sustaining basis. A revolving fund would be established to facilitate administration of this title.

Title VI. Miscellaneous provisions

Sec. 601. Delegation of authority: The Secretary of Commerce may delegate the functions authorized in this bill. An additional assistant secretary would be authorized.

Sec. 602. Coordination with economic and fiscal policies: The President would be authorized to reduce maximum principal amounts, maturities, or percentage of Federal insurance or participation for any business-loan program where necessary to coordinate such program with general economic and fiscal policies of the Federal Government.

Sec. 603. Eligible enterprises: The Secretary of Commerce would be required to establish appropriate classifications of independent small-business enterprises eligible for assistance under all titles except title II. In establishing such classifications, he must consider such factors as the relative size of the businesses operating in the industry and the degree of independence among them.

Sec. 604. Authority to promulgate and waive regulations: The Secretary of Commerce would be authorized to make rules and regulations and, where appropriate, to waive them.

Sec. 605. Administrative provisions: This section would confer on the Secretary of Commerce authority to prepare and disseminate information on activities under the act and other necessary administrative authority.

Sec. 606. Reports: An annual report on the programs authorized in the bill would be required.

SEC. 607. Penalties: Various amendments could be made to the criminal code.

SEC. 608. Geographic applicability: Coverage of the bill would include the Territories and possessions.

SEC. 609. Right to amend: The right to amend would be expressly reserved.

SEC. 610. Authorization of appropriations: This is a routine authorization for appropriations necessary to carry out the provisions of the bill.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to insert a copy of the bill and a summary and analysis of the bill.

The SPEAKER pro tempore (Mr. PRIEST). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McSWEENEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. PETERSON. Mr. Speaker, I call up the bill (H. R. 7273) to provide a civil government for Guam, and for other purposes, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That this act may be cited as the "Organic Act of Guam."

SEC. 2. The territory ceded to the United States in accordance with the provisions of the Treaty of Peace between the United States and Spain, signed at Paris, December 10, 1898, and proclaimed April 11, 1899, and known as the island of Guam in the Marianas Islands, shall continue to be known as Guam.

SEC. 3. Guam is hereby declared to be an unincorporated territory of the United States and the capital and seat of government thereof shall be located at the city of Agana, Guam. The government of Guam shall have the powers set forth in this act and shall have power to sue by such name. The government of Guam shall consist of three branches—executive, legislative, and judicial—and shall be under the supervision of the head of such civilian department or agency of the Government of the United States as the President may direct.

CITIZENSHIP

SEC. 4. (a) Chapter II of the Nationality Act of 1940, as amended, is hereby further amended by adding at the end thereof the following new section:

"Sec. 207. (a) The following persons, and their children born after April 11, 1899, are hereby declared to be citizens of the United States, if they are residing on the date of enactment of this section on the island of Guam or other territory over which the United States exercises rights of sovereignty:

"(1) All inhabitants of the island of Guam on April 11, 1899, including those temporarily absent from the island on that date, who were Spanish subjects, who after that date continued to reside in Guam or other territory over which the United States exercises sovereignty, and who have taken no affirmative steps to preserve or acquire foreign nationality.

"(2) All persons born in the island of Guam who resided in Guam on April 11, 1899, including those temporarily absent from the island on that date, who after that date continued to reside in Guam or other territory over which the United States exercises sovereignty, and who have taken no affirma-

tive steps to preserve or acquire foreign nationality.

"(b) All persons born in the island of Guam on or after April 11, 1899 (whether before or after the date of enactment of this section), subject to the jurisdiction of the United States, are hereby declared to be citizens of the United States.

"(c) Any person hereinbefore described who is a citizen or national of a country other than the United States and desires to retain his present political status shall make, within 2 years of the date of enactment of this section, a declaration under oath of such desire, said declaration to be in form and executed in the manner prescribed by regulations. From and after the making of such a declaration any such person shall be held not to be a national of the United States by virtue of this act.

"(d) The Commissioner of Immigration and Naturalization, with the approval of the Attorney General, is hereby authorized and empowered to make and prescribe such rules and regulations not in conflict with this act as he may deem necessary and proper.

"(e) Section 404 (c) of this act shall not apply to persons who acquired citizenship under this section."

(b) Subsection (a) of section 303 of the Nationality Act of 1940, as amended (8 U. S. C., sec. 703), is hereby amended by adding the following new subparagraph:

"(6) Guamanian persons and persons of Guamanian descent."

BILL OF RIGHTS

SEC. 5. (a) No law shall be enacted in Guam respecting an establishment of religion or prohibiting the free exercise thereof, or abridging the freedom of speech, or of the press, or the right of the people peaceably to assemble and to petition the Government for a redress of their grievances.

(b) No soldier shall, in time of peace, be quartered in any house, without the consent of the owner, nor in time of war, but in a manner to be prescribed by law.

(c) The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated; and no warrant for arrest or search shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the person or things to be seized.

(d) No person shall be subject for the same offense to be twice put in jeopardy of punishment; nor shall he be compelled in any criminal case to be a witness against himself.

(e) No person shall be deprived of life, liberty, or property without due process of law.

(f) Private property shall not be taken for public use without just compensation.

(g) In all criminal prosecutions the accused shall have the right to a speedy and public trial; to be informed of the nature and cause of the accusation and to have a copy thereof; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense.

(h) Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishment inflicted.

(i) Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist in Guam.

(j) No bill of attainder, ex post facto law, or law impairing the obligation of contracts shall be enacted.

(k) No person shall be imprisoned for debt.

(l) The privilege of the writ of habeas corpus shall not be suspended unless, in cases of rebellion or invasion or imminent

danger thereof, the public safety shall require it.

(m) No qualification with respect to property, income, political opinion, or any other matter apart from citizenship, civil capacity, and residence shall be imposed upon any voter.

(n) No discrimination shall be made in Guam against any person on account of race, sex, language, or religion, nor shall the equal protection of the laws be denied: *Provided*, That the Legislature of Guam may enact such legislation as may be necessary to protect the lands and business enterprises of persons of Guamanian ancestry, and nothing in this act shall be construed to deny to the legislature this authority.

(o) No person shall be convicted of treason against the United States unless on the testimony of two witnesses to the same overt act, or on confession in open court.

(p) No public money or property shall ever be appropriated, supplied, donated, or used, directly or indirectly, for the use, benefit, or support of any sect, church, denomination, sectarian institution, or association, or system of religion, or for the use, benefit, or support of any priest, preacher, minister, or other religious teacher or dignitary as such.

(q) The employment of children under the age of 14 years in any occupation injurious to health or morals or hazardous to life or limb is hereby prohibited.

(r) There shall be compulsory education for all children between the ages of 6 and 16 years in a school approved by the Governor of Guam.

(s) No political or religious test other than an oath to support the Constitution of the United States, the laws of the United States applicable to Guam, and the laws of Guam shall be required as a qualification to any office or public trust under the government of Guam.

THE EXECUTIVE

SEC. 6. (a) The executive authority of the government of Guam shall be vested in an executive officer, whose title shall be "Governor of Guam," and shall be exercised under the supervision of the head of the department or agency referred to in section 3 of this act. The Governor shall be appointed by the President, by and with the advice and consent of the Senate of the United States, and shall hold his office for 4 years and until his successor is appointed and qualified, unless sooner removed by the President for cause. The Governor shall be a civilian or a retired officer of the armed forces of the United States. He shall reside in Guam during his incumbency.

(b) The Governor shall have general supervision and control of all executive agencies and instrumentalities of the government of Guam. He shall faithfully execute the laws of the United States applicable to Guam, and the laws of Guam. He may grant pardons and reprieves and remit fines and forfeitures for offenses against the local laws, and may grant respite for all offenses against the applicable laws of the United States until the decision of the President can be ascertained. He may veto any legislation as provided in this act. He shall commission all officers that he may be authorized to appoint. He may call upon the commanders of the armed forces of the United States in Guam, or summon the posse comitatus, or call out the militia, to prevent or suppress violence, insurrection, or rebellion; and he may, in case of rebellion, invasion, or imminent danger thereof, when the public safety requires it, suspend the privilege of the writ of habeas corpus, or place Guam, or any part thereof, under martial law, until communication can be had with the President and the President's decision thereon communicated to the Governor. He shall annually, and at such other times as the President or the Congress may require, make official report of the transac-

tions of the government of Guam to the head of the department or agency designated by the President under section 3 of this act, and his said annual report shall be transmitted by such department or agency to the Congress. He shall perform such additional duties and functions as may, in pursuance of law, be delegated to him by the President or by the department or agency. He shall have the power to issue executive regulations not in conflict with any applicable law or ordinance. The Governor may submit such recommendations for the enactment of legislation to the legislature as he shall consider to be in the people's interest.

(c) The Governor shall coordinate and have general cognizance over all activities of a civil nature of the departments, bureaus, and offices of the Government of the United States in Guam.

Sec. 7. The President shall appoint a Lieutenant Governor for Guam, who shall have all the powers of the Governor in the case of a vacancy in the office of Governor or the disability or temporary absence of the Governor. He shall have custody of the seal of Guam and shall countersign and affix such seal to all executive proclamations and all other executive documents. He shall record and preserve the laws enacted by the legislature. He shall promulgate all proclamations and orders of the Governor and all laws enacted by the legislature. He shall have all such executive powers and perform such other duties as may be prescribed by this act or assigned to him by the Governor. He shall hold office for 4 years and until his successor is appointed and has qualified, unless sooner removed by the President for cause.

Sec. 8. The head of the department or agency designated by the President under section 3 of this act may from time to time designate the head of an executive department of the government of Guam or other person to act as Governor in case of a vacancy in the office, or the disability or temporary absence of both the Governor and the Lieutenant Governor, and the person so designated shall have all the powers of the Governor for so long as such condition continues.

Sec. 9. (a) The Governor shall, except as otherwise provided in this act or the laws of Guam, appoint, by and with the advice and consent of the House of Council, all heads of executive agencies and instrumentalities, including boards and commissions, that may be created by the Governor or by the legislature. In making all such appointments, the Governor shall give preference to persons of Guamanian ancestry. With a view of insuring the fullest participation by Guamanians in the government of Guam, opportunities for higher education and in-service training facilities shall be provided to qualified persons of Guamanian ancestry.

(b) The Governor may appoint or remove any officer whose appointment or removal is not otherwise provided for. All officers shall have such powers and duties as may be conferred or imposed on them by law or by executive regulation of the Governor not inconsistent with any law.

(c) The Governor shall, from time to time, examine the organization of the executive branch of the government of Guam, and shall determine and carry out such changes therein as are necessary to promote effective management and to execute faithfully the purposes of this act and the laws of Guam.

(d) The salaries of all officers and employees of the government of Guam shall be fixed by the Guam Legislature and paid from funds of the government of Guam, except as otherwise provided by this act.

(e) All persons holding office in Guam on the date of enactment of this act may, except as otherwise provided in this act, continue to hold their respective offices until their successors are appointed and qualified.

THE LEGISLATURE

Sec. 10. The legislative power of Guam, except as otherwise provided in this act, shall be vested in a legislature, which as the legislature may determine, shall consist of either two houses or a single house. The members of the legislature holding office on the date of enactment of this act shall continue to serve as such until the next election held in accordance with the laws of Guam and until their successors have duly qualified. The legislature in all respects shall be constituted and shall be organized and shall sit according to the laws of Guam in force on the date of enactment of this act and as amended or modified after such date.

Sec. 11. The legislative power of Guam shall extend to all subjects of legislation of local application not inconsistent with the provisions of this act and the laws of the United States applicable to Guam. Taxes and assessments on property, internal revenues, and license fees and royalties for franchises, privileges, and concessions may be imposed for purposes of the government of Guam as may be provided by the Legislature of Guam, and when necessary to anticipate taxes and revenues, bonds and other obligations may be issued by the government of Guam: *Provided, however*, That no public indebtedness of Guam shall be authorized or allowed in excess of 10 percent of the aggregate tax valuation of the property in Guam. Bonds or other obligations of the government of Guam payable solely from revenues derived from any public improvement or undertaking shall not be considered public indebtedness of Guam within the meaning of this section. All bonds issued by the government of Guam or by its authority shall be exempt from taxation by the Government of the United States or by the government of Guam, or by any State or Territory or any political subdivision thereof, or by the District of Columbia.

Sec. 12. The legislature shall be the judge of the selection and qualification of its own members. It shall choose its own officers, determine its rules and procedure, not inconsistent with this act, and keep a journal.

Sec. 13. (a) The members of the legislature shall, in all cases except treason, felony, or breach of the peace, be privileged from arrest during their attendance at the legislature and in going to and returning from the same.

(b) No member of the legislature shall be held to answer before any tribunal other than the legislature itself for any speech or debate in the legislature.

Sec. 14. Every member of the legislature and all officers of the government of Guam shall take the following oath or affirmation: "I solemnly swear (or affirm) in the presence of Almighty God that I will well and faithfully support the Constitution of the United States, the laws of the United States applicable to Guam and the laws of Guam, and that I will conscientiously and impartially discharge my duties as a member of the Guam Legislature (or as an officer of the government of Guam)."

Sec. 15. No member of the legislature shall, during the term for which he was elected or during the year following the expiration of such term, be appointed to any office which has been created, or the salary or emoluments of which have been increased during such term.

Sec. 16. No person shall sit in the legislature who is not a citizen of the United States, who has not attained the age of 25 years, and who has not been domiciled in Guam for at least 5 years immediately preceding the sitting of the legislature in which he seeks to qualify as a member, or who has been convicted of a felony or of a crime involving moral turpitude and has not received a pardon restoring his civil rights.

Sec. 17. Vacancies occurring in the legislature shall be filled as the legislature shall

provide, except that no person filling a vacancy shall hold office longer than for the remainder of the term for which his predecessor was elected.

Sec. 18. The regular sessions of the legislature shall be held annually, convening in Agaña on the second Monday in February and closing not later than April 5 following. The Governor may convene the legislature in special session at such time and place as he may deem it necessary but no special session shall continue longer than 14 days, and no legislation shall be considered at such session other than that specified in the call therefor or in any special message by the Governor to the legislature while in such session. All sessions of the legislature shall be open to the public.

Sec. 19. Every bill passed by the legislature shall, before it becomes a law, be entered upon the journal and presented to the Governor. If he approves it, he shall sign it, but if not he shall, except as hereinafter provided, return it, with his objections, to the legislature within 10 days (Sundays excepted) after it shall have been presented to him. If he does not return it within such period, it shall be a law in like manner as if he had signed it, unless the legislature by adjournment prevents its return, in which case it shall be a law if signed by the Governor within 30 days after it shall have been presented to him; otherwise it shall not be a law. When a bill is returned by the Governor to the legislature with his objections, the legislature shall enter his objections at large on its journal and proceed to reconsider it. If, after such reconsideration, two-thirds of each house (if there be two houses) or two-thirds of the legislature (if there be only one house) agree to pass it, it shall be sent to the Governor. If he then approves it, he shall sign it; if not, he shall, within 10 days, transmit it to the President of the United States. If the President of the United States approves it, he shall sign it. If he shall not approve it, he shall return it to the Governor so stating, and it shall not be a law. If he neither approves it nor disapproves it within 90 days from the date of transmittal to him by the Governor, it shall be a law in like manner as if he had signed it. If any bill presented to the Governor contains several items of appropriation of money, he may object to one or more of such items, or any part or parts, portion or portions thereof, while approving the other items, parts, or portions of the bill. In such a case he shall append to the bill, at the time of signing it, a statement of the items, or parts or portions thereof, to which he objects, and the items, or parts or portions thereof, so objected to shall not take effect. All laws enacted by the legislature shall be reported by the Governor to the head of the department or agency designated by the President under section 3 of this act, and by him to the Congress of the United States, which reserves the power and authority to annul the same. If any such law is not annulled by the Congress of the United States within 1 year of the date of its receipt by that body, it shall be deemed to have been approved.

Sec. 20. (a) Appropriations, except as otherwise provided in this act, and except such appropriations as shall be made from time to time by the Congress of the United States, shall be made by the legislature.

(b) If, at the termination of any fiscal year, the legislature shall have failed to pass appropriation bills providing for payments of the necessary current expenses of the government and meeting its legal obligations for the ensuing fiscal year, then the several sums appropriated in the last appropriation bills for the objects and purposes therein specified, so far as the same may be applicable, shall be deemed to be reappropriated, item by item.

(c) All appropriations made prior to the date of enactment of this act shall be available to the government of Guam.

SEC. 21. The legislature or any person or group of persons in Guam shall have the unrestricted right of petition. It shall be the duty of all officers of the government to receive and, without delay, to act upon or forward, as the case may require, any such petition.

THE JUDICIARY

SEC. 22. The judicial authority of Guam shall be vested in one supreme court and in such inferior courts as may have been or hereafter may be established under the laws of Guam. The jurisdiction of such courts and the procedure therein shall be prescribed in the laws of Guam. The style of all process in the courts of Guam shall hereafter run in the name of the government of Guam, and all prosecutions shall be carried on in the name and by the authority of the government of Guam. The Governor shall not sit as a judge in any court.

SEC. 23. The supreme court shall consist of a chief justice and two associate justices who shall be appointed by the President of the United States, by and with the advice and consent of the United States Senate, and who shall hold office for a term of 6 years and until their successors have been appointed and qualified, unless sooner removed by the President for cause. No person shall be appointed a justice of the Supreme Court of Guam who has not been a member of the bar of the highest court of a State or Territory of the United States for at least 5 years.

SEC. 24. (a) The judicial district known as the Northern District of California is hereby extended to include Guam, and the jurisdiction of the United States District Court for the Northern District of California as now defined by law shall extend to the whole of such district.

(b) The laws of the United States relating to removal of causes as between the courts of the United States and the courts of the several States shall govern as between the United States District Court for the Northern District of California and the courts of Guam.

(c) For the purposes of this section, special terms of the district court shall be held in Guam at such times as the judges of that court may deem expedient.

(d) The United States Court of Appeals for the Ninth Circuit shall have jurisdiction of appeals from all final decisions of the Supreme Court of Guam in all cases involving the Constitution, laws, or treaties of the United States or any authority exercised thereunder, in all habeas corpus proceedings, and in all other civil cases where the value in controversy exceeds \$5,000, exclusive of interest and costs.

(e) Any party may appeal to the Supreme Court of the United States from an interlocutory or final judgment, decree, or order of any court of record of Guam, holding an act of Congress unconstitutional in any civil action, suit, or proceeding to which the United States or any of its agencies, or any officer or employee thereof, as such officer or employee, is a party. A party who has received notice of appeal under this section shall take any subsequent appeal or cross appeal to the Supreme Court. All appeals or cross appeals taken to other courts prior to such notice shall be treated as taken directly to the Supreme Court.

MISCELLANEOUS

SEC. 25. (a) The laws of Guam in force on the date of enactment of this act, except as amended by this act, are hereby continued in force, subject to modification or repeal by the Congress of the United States or the Legislature of Guam, and all laws of Guam inconsistent with the provisions of this act are hereby repealed to the extent of such inconsistency.

(b) Except as otherwise provided in this act, no law of the United States hereafter enacted shall have any force or effect within Guam unless specifically made applicable by act of the Congress either by reference to Guam by name or by reference to "possessions." The President of the United States shall appoint a commission of seven persons, at least three of whom shall be residents of Guam, to survey the field of Federal statutes and to make recommendations to the Congress of the United States within 12 months after the date of enactment of this act as to which statutes of the United States not applicable to Guam on such date shall be made applicable to Guam, and as to which statutes of the United States applicable to Guam on such date shall be declared inapplicable.

SEC. 26. (a) The Governor shall receive an annual salary of \$16,000, to be paid by the United States: *Provided*, That if the Governor shall be a retired officer of the armed forces of the United States the pay which he shall receive as Governor shall be his pay and allowances as such officer plus such sum as will total \$16,000.

(b) The Chief Justice of Guam and the Lieutenant Governor shall each receive an annual salary of \$13,000, to be paid by the United States.

(c) All officers and employees of the government of Guam shall, if their homes be outside Guam, be entitled to transportation at the expense of the United States for themselves, their immediate families, and their household effects, from their homes to Guam upon their appointment and from Guam to their homes upon completion of their duties: *Provided*, That such transportation other than that incident to initial appointment shall not be required to be furnished, unless they shall have served in Guam for at least 2 years, unless separated for reasons beyond their control. They shall accrue leave in accordance with the Leave Act of the United States, and once during every 2 years shall be entitled to transportation at the expense of the United States for themselves and their immediate families from Guam to their homes and return. For purposes of transportation to their homes and return, they shall be allowed travel time not in excess of 30 days without charge against annual leave and during such travel time they shall be paid their salaries as prescribed by this act or the laws of Guam. Transportation shall be by the shortest and most direct route. During their term of duty in Guam they shall each be entitled to receive appropriate quarters to be furnished by the United States.

(d) All officers and employees of the government of Guam, whose salaries are not fixed by this act, shall be paid such compensation and shall receive such additional allowances or benefits as may be fixed under the laws of Guam, or, in case they be employees or officers of the department or agency designated by the President under section 3 of this act, as fixed by or under the rules and regulations of, or applicable to, such department or agency while detailed to serve with the government of Guam. If any official or employee of the government of Guam be a person in the armed forces of the United States, either in active, retired, or reserve status, his employment by the government of Guam and any service thereunder, shall not, in the discretion of the President, operate to affect adversely his rights to duty status, pay, retirement, or other benefits.

(e) Each member of the legislature shall be paid the sum of \$15 for each day that the legislature is in session, regular or special, out of sums to be appropriated annually by the Congress. All other legislative expenses shall be appropriated by, and paid out of funds of, the government of Guam.

SEC. 27. Articles which are the growth, production, or manufacture of Guam coming

into any State, Territory, or insular possession of the United States from Guam shall be entered at the several ports of entry free of duty.

SEC. 28. (a) The title to all property owned by the United States and employed by the naval government of Guam in the administration of the civil affairs of the inhabitants of Guam, including automotive and other equipment, tools and machinery, water and sewerage facilities, bus lines and other utilities, hospitals, schools, and other buildings, shall be transferred to the government of Guam within 90 days after the date of enactment of this act.

(b) All other property owned by the United States in Guam, not reserved by the President of the United States within 90 days after the date of enactment of this act, is hereby placed under the control of the government of Guam, to be administered for the benefit of the people of Guam, and the legislature shall have authority, subject to such limitations as may be imposed upon its acts by this act or subsequent act of the Congress, to legislate with respect to such property in such manner as it may deem desirable.

(c) All property owned by the United States in Guam, the title to which is not transferred to the government of Guam by subsection (a) hereof, or which is not placed under the control of the government of Guam by subsection (b) hereof, is transferred to the administrative supervision of the head of the department or agency designated by the President under section 3 of this act, except as the President may from time to time otherwise prescribe: *Provided*, That the head of such department or agency shall be authorized to lease or to sell, on such terms as he may deem advantageous to the Government of the United States, any property of the United States under his administrative supervision in Guam not needed for public purposes.

SEC. 29. (a) Subject to the laws of Guam, the Governor shall establish, maintain, and operate public-health services in Guam, including hospitals, dispensaries, and quarantine stations, at such place in Guam as may be necessary, and he shall promulgate quarantine and sanitary regulations for the protection of Guam against the importation and spread of disease.

(b) The Governor shall provide an adequate public educational system of Guam, and to that end shall establish, maintain, and operate public schools at such places in Guam as may be necessary.

SEC. 30. All customs duties and Federal income taxes collected in Guam, the proceeds of all taxes collected under the internal-revenue laws of the United States on articles produced in Guam and transported to the United States, its Territories, or possessions, or consumed in Guam, and the proceeds of any other taxes which may be levied by the Congress on the inhabitants of Guam, and all quarantine, passport, immigration, and naturalization fees collected in Guam shall be covered into the treasury of Guam and held in account for the government of Guam, and shall be expended for the benefit and government of Guam in accordance with the annual budgets.

SEC. 31. There are hereby authorized to be appropriated annually by the Congress of the United States such sums as may be necessary and appropriate to carry out the provisions and purposes of this act.

SEC. 32. Nothing contained herein shall be construed as limiting the authority of the President to designate parts of Guam as naval or military reservations, nor to restrict his authority to treat Guam as a closed port with respect to the vessels and aircraft of foreign nations.

SEC. 33. The authority and powers conferred by this act shall come into force immediately upon enactment. However, the

President is authorized, for a period not to exceed 1 year from the date of enactment of this act, to continue the administration of Guam in all or in some respects as provided by law, Executive order, or local regulation in force on the date of enactment of this act. The President may, in his discretion, place in operation all or some of the provisions of this act if practicable before the expiration of the period of 1 year.

Mr. PETERSON (interrupting the reading of the bill). Mr. Speaker, I ask unanimous consent that further reading of the bill be dispensed with, and that it be printed in the RECORD and be open to amendment at any point.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. MILLER of Nebraska. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER of Nebraska: On page 24, line 16, at the end of section 30 insert the following:

"Sec. 31. The income-tax laws in force in the United States of America and those which may hereafter be enacted shall be held to be likewise in force in Guam.
"Renumber Sections 31, 32, and 33."

Mr. PETERSON. Mr. Speaker, this amendment was exhibited to the committee and the majority of the members of the committee have authorized me to say that they have no objection to it.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Nebraska.

The amendment was agreed to.

Mr. PETERSON. Mr. Speaker, I move to strike out the last word in order to answer a few questions that the gentleman from Arkansas [Mr. NORRELL] wishes to ask me. I yield to the gentleman from Arkansas.

Mr. NORRELL. I have two questions; one, if this bill becomes law what will be the personnel set-up under the Governor in Guam; and, two, will the chairman of the committee outline what he understands will be the power of the Governor to set up his official family and who will designate their salaries? For instance, if they have a board like the Board of Education or the Board of Health or any of the other boards they may need, what authority will he have to make those appointments and who will fix the salaries?

Mr. PETERSON. In answer to the gentleman, may I say that the bill provides for the Office of Governor and for the Office of Lieutenant Governor, to be appointed by the President. Then it refers to department heads of agencies designated by the President. The bill sets forth the complete details.

There would be a close check on that by the budget, which would then come to the Congress and the Congress would have the authority to provide funds. Any elaborate set-up that goes beyond what would be reasonable for approximately 96,000 persons we would assume and hope that funds would not be provided for.

Mr. NORRELL. Then the only authorization that we are making today, as I get it, is for a governor, lieutenant governor, and two or three boards; other than that this Congress will maintain a

supervision over that in order to do what we think should be done in the future?

Mr. PETERSON. Yes. The Congress will hold the purse strings. A budget must be submitted and approved in an orderly way and it must be justified.

Mr. NORRELL. Heretofore the personnel on Guam has been paid what we understand to be the foreign-service benefits which I believe are about 25 percent in addition to what is received in this Nation. I notice the salary of the Governor is fixed at \$16,000 per annum. Is he to get extra foreign-service pay over and above and in addition to the salary fixed by this act?

Mr. PETERSON. I do not see how he could. In other words, we fix the ceiling and in conference we may even lower that amount.

Mr. NORRELL. You are fixing this—I happen to be on the Subcommittee on Appropriations that has charge of expenditures over there—you are not saying to us this salary shall be \$16,000; you are saying it shall not be in excess of \$16,000?

Mr. PETERSON. That is right. The gentleman is correct.

Mr. NORRELL. I thank the gentleman very much.

Mr. SCRIVNER. Mr. Speaker, I move to strike out the last two words.

Mr. Speaker, I take this time to direct a query to one of the Members—the gentleman from Nebraska [Mr. MILLER] has the information—namely, What, if any, is to be the contribution of the United States Government to the expenses of operation of the government of Guam?

Mr. PETERSON. Our colleague the gentleman from Nebraska [Mr. MILLER] has made a study of that. The amendment he offered and which we have adopted today will be very helpful in that respect.

Mr. MILLER of Nebraska. There will be no direct payment by the Treasury of this country. The amendment we just adopted in committee provides that the income-tax laws in force in the United States of America and which may hereafter be in force will be the law over there. That will be of great help in plugging certain loopholes. The people of Guam and a large number of civilians and workers over there on construction work, as well as military personnel, pay no income tax or have no withholding tax. In fact, they are paid a bonus for working there. This will plug that loophole and bring in some money to the United States Treasury. As I understand it, the salaries of these people will be paid by the Guamanian Government and the average deposit in Guamanian banks of the people of Guam averages about \$8,000.

Mr. SCRIVNER. In other words, I am to understand that there is sufficient property, there are sufficient sources of revenue right there on the island of Guam so that they will be able to set up a tax structure sufficient to carry their own expenses of government without asking for any contribution from the United States to help carry their government cost?

Mr. MILLER of Nebraska. That is my understanding.

Mr. PETERSON. That is my understanding, also.

The SPEAKER pro tempore. The time of the gentleman from Kansas has expired.

Mr. PETERSON. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. PETERSON. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days to extend their remarks in the RECORD on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

MODIFICATION OR CANCELLATION OF CERTAIN ROYALTY-FREE LICENSES GRANTED TO THE GOVERNMENT

Mr. MCSWEENEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 598 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2128) to provide for the modification or cancellation of certain royalty-free licenses granted to the Government by private holders of patents and rights thereunder. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. MCSWEENEY. Mr. Speaker, I yield myself 10 minutes, and yield 30 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. Speaker, House Resolution 598 makes in order a bill to compensate men and women who patriotically during the war relinquished their rights to certain patents and copyrights. I think there might be two schools of thought on the question of our granting patents to people over an extended period. Many people have thought that a patent right should belong to the country and that the person should not get the benefits thereof. But ever since the inception of our country we have granted this privilege to persons of inventive genius to protect their rights and to be allowed to get the emoluments therefrom. This was one of the patriotic gestures during the

war. Men and women who wanted to help the war effort gladly gave up their rights, or at least gave up their rights under their patents, so that the war process could be carried on uninterrupted.

The contract made with these people was for the duration of the war. First of all, we had to set a time at which we considered the hostilities as actually commencing, so this bill has taken September 9, 1939, as the beginning point. We have had no definite termination of the war through a treaty, though we have had a cessation of hostilities, so we have to set up some kind of arrangement whereby the benefits that would naturally accrue to these patent holders may be returned to them and they can again enjoy their privileges under their legal rights. This bill makes such a program in order.

I believe that the rule which permits this bill to come before the House should be adopted because no man and no woman in this House wishes to work an injustice upon a person who tried within his capacity to give valiant service during the war. We realize that aside from service on the field of battle and in our Navy and in the air there were people who made contributions, and these men of genius, these men of creative ability, have done this. For that reason, I respectfully ask that this rule be granted so that the bill may receive immediate consideration.

Mr. BROWN of Ohio. Mr. Speaker, as has been so well explained by the gentleman from Ohio [Mr. McSWEENEY] this resolution makes in order the consideration of S. 2128, under 1 hour of general debate. As the gentleman from Ohio has so ably stated, S. 2128 simply returns to those citizens who made available to their Government in time of need, during the war, certain patent rights which they voluntarily surrendered then as a patriotic duty and responsibility.

I do not believe there is any opposition to this rule and there certainly should be no opposition to the bill.

Mr. McSWEENEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. BRYSON. Mr. Speaker, I ask unanimous consent that the bill (S. 2128) to provide for the modification or cancellation of certain royalty free licenses granted to the Government by private holders of patents and rights thereunder be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That, notwithstanding any other provision of law, the head of any department or other agency in the executive branch of the Government which during World War II entered into any contract or agreement with the holder of any privately owned patent or any right thereunder whereby such holder granted to the United States, without payment of royalty, any license under such patent or right, is authorized, upon application of the grantor of

such license, to enter into such supplemental contract or agreement for the cancellation of the contract or agreement by which such license was granted as the head of such department or agency shall deem to be warranted by equities existing by reason of changes in circumstances occurring since the granting of such license.

With the following committee amendments:

Page 1, line 5, strike out "during World War II" and insert "subsequent to September 9, 1939."

Page 1, line 9, after "royalty", insert "or with reduction or limitation of royalty."

Page 2, line 3, after "cancellation", insert "or modification."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time, and passed.

The title was amended so as to read: "An act to provide for the modification or cancellation of certain licenses granted to the Government by private holders of patents and rights thereunder."

A motion to reconsider was laid on the table.

Mr. BRYSON. Mr. Speaker, the custom of assigning goods, assets, and services to one's government especially in defense thereof is as ancient as civilization itself.

I scarcely knew of the splendid cooperation demonstrated by patentees with the Government prior to and during World War I which is, as yet, legally going on.

By reason of the fact that no one contemplated the necessity of refraining from an official declaration of the end of the war, many of our patriotic patent holders are and have been suffering great hardships. This is an instance where those most eager to serve and sacrifice have been caught unintentionally in the meshes of the law. The passing of S. 2128 will grant authority for the proper agency of the Government to adjust these hardships by turning patents back to their rightful owners, and making proper adjustment with reference thereto.

In this connection, may I state that we have the greatest and most dependable patent system in the world. All of us are jealous of this fine and unusually dependable agency.

I feel that the adoption of the President's reorganization plan by the House last week will jeopardize and, in all probability, weaken our patent system. I fail to see where the adoption of this particular reorganization plan would make either for economy or efficiency. My position by no means can be interpreted to be a reflection on or a lack of confidence in the present Secretary of Commerce. However, we have had Secretaries of Commerce whose judgment was not so dependable and, in the future we may have others.

In a way, the patent system is part of my inheritance as a South Carolinian, and perhaps that accounts for the more than random interest I had even prior to coming across the facts that I am now about to relate:

These facts concern the vital role played by my State in the early history of the patent and copyright laws.

It is a strange coincidence that South Carolina had a patent law of its own, even before the adoption of the Constitution. Most of the independent States had their own copyright laws, but South Carolina alone had her individual patent law.

On March 26, 1784, the General Assembly of South Carolina enacted a law "for the encouragement of arts and sciences." This law related to both copyrights and patents, and provided for securing exclusive rights to authors and inventors. Of course, this law was rather simple in its terms, but it does show an appreciation of the desirability of a patent law on the part of South Carolina. As I have indicated, none of the other States had any similar statute.

This is not all. The Constitutional Convention, which met 3 years later, found South Carolinians foremost in the introduction of patent and copyright clauses to the Constitution.

It was our brilliant young Charles Pinckney who on August 18, 1787, as a delegate to the Constitutional Convention, introduced a resolution that the legislature of the Government they were framing be given the power: "To grant patents for useful inventions," and "To secure to authors exclusive rights for certain times." Though Pinckney was the youngest man in the Convention, more of his ideas were written into our organic law than of any other delegate.

John Rutledge, another South Carolina delegate, headed the Committee on Detail to which the various resolutions were referred. In their report, the said committee included the clause relating to patents and copyrights which was unanimously adopted by the Convention as a part of our Constitution. I need not repeat its familiar language to you, but wish to point out the similarity between the objective specified in the Constitution—promoting the progress of science and the useful arts—and that specified in the title of the South Carolina statute of 1784—encouraging arts and sciences.

Finally, the bills which became our first patent and copyright laws were presented on April 10, 1790, to Congress by Representative Aedamur Burke, of South Carolina as chairman of a special committee on patents and copyrights.

So you see that in my present capacity as chairman of a congressional subcommittee responsible for patent legislation I am only doing what comes naturally.

The patent laws, born as they were of wisdom and fortified through the years by the genius of our people, justly merit our pride and our constant effort toward their preservation and strengthening. It is a tribute to the authors that the major structure of those laws, as they were enacted in the 1830's remain largely unchanged in principle today and have accommodated themselves with astonishing ease to the revolutionary advances in technology through the intervening years. The twentieth century in particular, with its overwhelming progress in science and in business strategies, has subjected the patent laws to great tests.

The evidences of this wear and tear are nowhere demonstrated so effectively as in the record of legislation which has been proposed and considered during the

past two decades in Congress. In my brief tenure we have been confronted with patent proposals of the most complex nature, difficult for the lay mind to comprehend, and even more difficult once understood, to determine. If you learned gentlemen feel disposed to question the diligence of your legislators in considering your patent problems, lay it not to our lack of interest but rather to your own talented disagreement.

By this time you have all probably received preliminary drafts of a proposal to revise and amend the patents title of the United States Code. I am heartened by the manner in which the organized patent bar has come forward in a commendable and constructive fashion to help Congress in undertaking this formidable assignment. Your instantaneous cooperation has been one of the most dramatic evidences of the democratic process that I have had the pleasure of witnessing. With the attitude you have adopted I am confident that we shall perform a painstaking, objective study of the subject that will ultimately produce a body of laws which will serve our future as well as the present ones have served our past.

May I assure you again that the draft which you have received is merely a starting point. The committee has given it neither prolonged study nor endorsement, and its sole purpose is to serve as a target. We believe it is a workmanlike, professional document, entailing skill, knowledge, and patience on the part of its authors. It embodies many similar suggestions, many borrowed from other sources, and some novel in themselves. This will be your opportunity, gentlemen, to help mold the future of our great patent system.

May your restless, inquiring, inventive minds continue to search and thus harness even the elements of nature and alleviate pain and suffering among all mankind everywhere so that lightning and light, frost and flame, and all the secret subtle powers of the earth and sky may be made subservient to man's will under God.

PROVIDING ADDITIONAL COMPENSATION TO CERTAIN EMPLOYEES OF THE HOUSE

Mr. McCORMACK. Mr. Speaker, I offer a resolution (H. Res. 613) and ask unanimous consent for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That, effective May 1, 1950, there shall be paid out of the contingent fund of the House, until otherwise provided by law, additional compensation at the basic rate per annum, to certain employees of the House as follows:

Minority employee (Beecher Hess), the sum of \$1,200 per annum.

The assistant bill clerk for the minority, the sum of \$900 per annum.

Messenger at the Speaker's table, the sum of \$400 per annum.

The SPEAKER pro tempore (Mr. PRIEST). Is there objection to the request of the gentleman from Massachusetts?

Mr. BROWN of Ohio. Mr. Speaker, reserving the right to object, I understand this resolution has been agreed to

by the leadership on both sides of the aisle.

Mr. McCORMACK. My information is that it has been agreed to by both sides of the aisle.

Mr. BROWN of Ohio. If that is the understanding, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK].

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ASSISTANT TO THE DISBURSING CLERK

Mr. WALTER. Mr. Speaker, I offer a resolution (H. Res. 614) and ask unanimous consent for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That effective May 1, 1950, the salary of the assistant to the Disbursing Clerk of the House shall be at the basic rate of \$4,250 per annum and there is hereby authorized to be paid out of the contingent fund of the House until otherwise provided by law the necessary additional amount to equalize the present salary of the assistant to the Disbursing Clerk with that of the new rate as provided herein.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BROWN of Ohio. Mr. Speaker, reserving the right to object, it is my understanding that this resolution has been agreed to by the leadership on both sides of the aisle and applies to the individual now holding that office?

Mr. WALTER. The gentleman is entirely correct.

Mr. BROWN of Ohio. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Rhode Island [Mr. FOGARTY], is recognized for 20 minutes.

ON THE MATTER OF ABDICATION OF AUTHORITY AND CONTROL

Mr. FOGARTY. Mr. Speaker, when the Thomas and Taber amendments were under debate much was said about Congress shirking its responsibility by making blanket cuts on the appropriation bill. It was said on this floor that the Thomas amendment would amount to surrender of our responsibility to the President and the Bureau of the Budget to apply the cuts which that amendment sought. On the other hand, supporters of the Taber amendment went to some lengths and laid great stress on the point that the Taber amendment would not do that, but had the virtue of retaining control of the purse in the Congress, as it should be, that the Congress by that amendment would be making specific cuts against specific items and would not be abdicating or shirking its responsibility.

Nothing could be further from the facts. The Taber amendment to cut \$600,000,000 out of the bill is a general cut. It in no way is a specific cut in its application, and we have got to be practical and try to look at it in its practical application. The amendment simply cuts \$600,000,000 from the appropriations in the bill. It makes a very few limited exceptions. It in no way attempts to state, nor does it in any way state, what appropriations shall be cut. A general cut cannot become a cut except by becoming specific. Specific appropriations must be cut to put it into effect. Let us see what the amendment does on that score.

In language and figures the source and calculation of which I do not understand, and which the record of the debate does not make clear, certain limitations are placed on stated objects of expenditure, such as personal services, travel, printing, supplies, communications, rents, equipment, lands and structures, and so on. There are 10 of them mentioned and set forth in the amendment. Obligations for those purposes are to be limited to not to exceed certain percentages—arbitrary percentages, by the way—of the amounts set out under each appropriation item for those objects in the President's 1951 budget estimates. Now here is where the rub comes. It is as plain as A B C, and cannot be denied. Look at the appropriation bill. Thumb through it from cover to cover. See whether you can find appropriations for each of the countless departments, bureaus, and agencies for personal services, for travel, for printing, for supplies, for rents, and so on. You will not find them, because they are not set up that way. They are set up by bureaus, offices, and agencies, and under them they are set up and we appropriate for specific services, programs, and projects. We do not appropriate in the terms set out in the Taber amendment. We do not appropriate travel money just for the sake of appropriating travel money. We do not appropriate salary money just for the sake of appropriating salary money or providing people with jobs. We appropriate money for services the people want and need, for projects which are needed, for all manner of services and functions for which the Government is responsible. It takes people to perform those services, it takes supplies, it takes travel to get the job done, and so on. So, what do we have? We have adopted an amendment which, standing by itself, does nothing. Somebody has got to apply it to the appropriations throughout the bill to put it into effect. That is as simple as A B C. There can be no question about that.

Now, who is to make the application of the general cut? Does the amendment say who? No, it does not. Then who would it be with respect to appropriations for the executive branch? Who else could it be except the Budget Bureau, the President, and the departments and agencies? The Congress in that amendment does not propose to say in what departments, in what bureaus, in what programs, in what appropriations, the

cut shall be applied. Thus it is clear beyond a shadow of a doubt that the cutting will be done by the departments and agencies and the Budget Bureau, and not by the Congress.

Are you going to be satisfied to let the departments and agencies make your cuts for you? What will you say when they apply the cut and make it against some activity, project, or office in which you are especially interested and that directly affects your people? Are you going to be satisfied to leave that up to the executive branch? What if they cut out some project in your district, or have to make a reduction in some programs where it vitally and adversely affects your people and the economy and welfare of your people?

An interesting question on the Taber amendment is what it does to the legislative branch. As I read the amendment, and there is no debate to the contrary, the amendment applies to appropriations for the legislative branch. They are not excluded by the amendment. I have found nothing in there to exclude them. The estimates for the legislative branch are included with and are part of the President's budget estimates. The appropriations are in the omnibus appropriation bill. What about a 10-percent cut in the clerical force in Members' offices? Did you think of that when the amendment was up for debate? What about all the other employees here on the Hill? Did you know you were cutting them down by 10 percent? There is nothing in the amendment that excludes them, although the so-called Jensen amendment dealing with the filling of vacancies does exclude the legislative and judicial branches from its provisions. What about the judicial branch? Did we also cut them 10 percent, and, if we did, what specific groups or classes of personnel did we cut?

Now, as to the so-called Jensen amendment, it is nothing short of an administrative monstrosity. It places agencies in an administrative strait-jacket. In principle, it is as bad, if not actually worse, than the Taber amendment. It will have the effect of hamstringing and crippling essential services by attrition. It is unsound and unrealistic. On its face, it is patently contradictory. On the one hand, if funds are granted for personnel to render certain services or do a specific job, and then normal separations due to retirement, deaths, and so on occur, the department or agency is not allowed to replace those employees, even though the Congress has previously decided that that number of personnel were necessary to do the job. Why not cut out the money in the first place? The amendment is wasteful. It would permit employment of persons during part of a year and prevent that later in the year. How can work and services be rendered without people to do it?

Mr. PRICE. Mr. Speaker, will the gentleman yield?

Mr. FOGARTY. I yield.

Mr. PRICE. I think the gentleman is doing a splendid job. I hope that before he concludes he will tell us what the Taber amendment will do to the Veterans' Administration.

Mr. FOGARTY. I do not have those figures. It may be that when I extend my remarks I can furnish them. I am going to try to give some examples of what the amendment will do to the Public Health services, to the various agencies of the Department of Labor, particularly the Food and Drug Administration, the hospital construction act, and so on. That is the bill that comes before my Subcommittee on Appropriations and it is my purpose to discuss that this afternoon.

Mr. PRICE. If the gentleman will yield further, I should like to say that General Gray of the Veterans' Administration has made the statement that this amendment would cripple the Veterans' Administration, that it would force the firing of over 6,000 important employees; that it would make it more difficult for them to administer veterans' affairs in the matter of applications for benefits and hospitalization and the other benefits to which the veterans are rightfully entitled under the law.

Mr. FOGARTY. Mr. Speaker, both amendments were a snare and a delusion. They were so drawn as to cover anything and appear to touch nothing. But the catch is that they are absolutely null and void and of no effect until placed into effect. And, they simply cannot go into effect without touching nearly every activity or service of the Federal Government. What else is a general cut but an across-the-board cut? I do not think they will stick when the full impact is known. They cannot stick, because they are senseless, indiscriminate, arbitrary, unintelligent, and basically contrary to the entire process by which the Congress appropriates specific amounts for specific functions and services.

I am very much concerned about the serious effects the amendments will have on a number of activities in the Federal Security Agency, the Labor Department, and some of the independent labor agencies. I have made some examination and study on this, and I want to cite a few of the more serious consequences which are bound to flow from these amendments.

First. The Taber and Jensen amendments first of all have some glaring inconsistencies in them. Neither of them exempt St. Elizabeths Hospital or Freedmens Hospital, which together have about 7,500 patients, although they partially exempt medical personnel of the Public Health Service marine hospitals. A cut of 10 percent in the \$10,000,000 budget for St. Elizabeths Hospital is a million dollars, at a time when the Appropriations Committee recommended some increase above 1950 for personnel and other expenses. The patient load at St. Elizabeths increases slightly each year. What do you think the situation will be out there when you cut down on attendants, medical personnel, and other items such as food?

Freedmens Hospital is in the same situation. A 10 percent cut in their budget, which is already at a minimum, will certainly result in turning down patients needing treatment and a watering down of the quality of service now rendered. How can it avoid doing so?

Second. Another inconsistency is that while the amendments exempt medical personnel and orderlies at Public Health marine hospitals, they do not exempt other types of personnel which are just as essential to the running of a hospital as are the doctors and nurses. Also, note that the blanket cut exempts veterans' hospitals from having to reduce their budgets for supplies and materials—and that means food, principally—but no such exemption is accorded marine hospitals of the Public Health Service. How do you think they can operate the hospitals with such a cut in the food and supply budgets? Obviously, this is going to be a serious situation.

Third. For Howard University, the only great university of higher learning for colored people, it will mean a cut of about \$200,000 below what the Appropriations Committee cut them. Is there one shred of evidence that the teaching staff can be severely trimmed down without causing them to further limit their enrollments—they have had to do that already in some departments—and thus deny opportunity to colored people trying to secure an education? Of course there is not any evidence available. This cut would come at the very time when we have been appropriating large sums to build new buildings and to increase the size of the plant out there, so badly needed for many years.

Fourth. What about the Bureau of Employees' Compensation, which administers the Federal laws dealing with handling of claims and payments of compensation to Federal employees injured on the job? Last year Congress amended the statute and substantially liberalized the benefit payments. It is more necessary than ever that there should be adequate personnel to properly investigate claims and to make proper disposition of claims—the investigation end is especially important—and the committee has recommended increased funds for that very purpose; otherwise the Government cannot be adequately protected against unjust and improper claims for payments. The committee has been unanimous in that matter, and we gave them, as I said, an increase to look after the claims properly. As I figure it, the Taber amendment alone will force a cut of an additional \$140,000, over and above the committee action on their budget. When that blow has been struck, further impairment by attrition will set in because of the Jensen ban on filling of 9 out of 10 vacancies. Things would be bound to become progressively worse.

Fifth. Another example of the certain serious consequences of these amendments is in the Pure Food and Drug Administration. Our committee gave them every cent requested. It is not only one of the most important agencies of government from the standpoint of protecting the health of the people—no one can deny that—but it is also a most efficient agency. Dr. Dunbar, the head of the Bureau, is an able administrator. He is not a spendthrift. He runs the agency in excellent fashion. He is doing an important job, too. We on the committee have for some years agreed that

if it were possible to do so, it would be perfectly justifiable if we doubled his appropriation from \$5,000,000 to \$10,000,000. Remember also that beginning on the 1st of July he takes on responsibility of enforcing the oleo law recently passed by Congress. Now, this cut right off will mean a \$500,000 slash against his budget of \$5,066,000. The Jensen amendment will take up from there and most certainly affect the operation during the year, because in an agency of 1,000 employees there are bound to be some turn-overs from deaths, resignations, and retirements. Enforcing the pure food and drugs law at best is a hard job. It requires trained chemists and other technical people. You cannot reach down in the agency and get that kind of personnel every time you have a vacancy.

Sixth. A very serious adverse effect will follow application of the cut to the tuberculosis mass X-ray and the topical fluoride demonstration teams operating throughout the country. The TB mass X-ray program is vital. It is designed to fit into the over-all program of reducing the extent of tuberculosis among our people. It has been highly successful in turning up cases of unknown TB and getting them under treatment. What does the amendment do to them? Here is what: While medical personnel of Public Health are exempted, the point is, in these X-ray teams there is only one or two medical personnel and the assistants are lay or civilian personnel. Obviously they are just as essential to operation of the units as are the medical people. They will have to be cut 10 percent under the amendment, and vacancies will likewise be created and left unfilled. More important, perhaps, is that while the Taber amendment makes a cut of 10 percent generally on the various objects of expenses in the budget, it makes a 20-percent cut in travel funds. Yet travel is the key to the operation. They go from place to place to put on these X-ray programs. The same is true in the 39 States in which the demonstration programs on the application of sodium fluoride to the teeth of school children operate. Those units have been eagerly sought by communities all over the Nation. They have to move from place to place frequently to spread the good word on showing how decay in children's teeth can be reduced by this very simple technique. Both programs are necessary, not just desirable. They will certainly suffer a serious setback if these amendments go through.

Seventh. The gentleman from New York [Mr. TABER] admitted in debate on the floor that the mental health, heart, and cancer research programs would be cut by this amendment. The Congress has, in the past few years and by practically unanimous vote, specifically seen to it that something be done to try to find the answers to those health problems. You all know that heart diseases are the leading cause of death. Cancer is the second leading cause. Mental illnesses affect approximately 8,000,000 people; half of all our hospital beds are filled with people with mental disorders of one sort or another. States and counties spend untold millions to main-

tain hospitals for the mentally ill. Something has got to be done to overcome these problems, which so directly affect so many of our people. We have been trying to do that; we are spending such small amounts on them, too, and here are amendments that will, by admission of the gentleman from New York, cut into the very small amounts now going into those important functions. I can think of nothing more promising as heart and cancer and mental-health research are to the health and happiness of the people generally.

Eighth. We have spent millions out here at Bethesda, Md., and millions more are in the bill, to build a clinical research hospital to strengthen our efforts toward solving some of the mysteries of cancer, heart diseases, and many other ailments which beset human beings. It is expected to be opened in July 1952, and the people to staff that great institution will fall into all categories. Some will be medical personnel, it is true, but all scientists and researchers are not medical personnel. These amendments take a swipe at the fine staff they have, and had hoped to retain, to go into that great research center.

Last week, this House approved two amendments for general reduction of appropriations and contract authorizations, and to prohibit filling of personnel vacancies during the next year. Specifically, the Thomas-Taber amendment would reduce appropriations for the executive branch in the amount of \$600,000,000, to be accomplished by a general cut of 10 percent across the board except for a 20-percent cut for travel. The second amendment, sponsored by Congressman JENSEN, stipulates that 90 percent of the vacancies in any agency caused by separations during fiscal year 1951 may not be filled in that year.

The only exceptions to these general slashes apply to the military and to nurses, doctors, or other medical personnel in the Public Health Service and in the Veterans' Administration.

These amendments as they are now worded, however well-intentioned, can only result in short-term economies of the kind, which experience proves, will create additional expenditures later on and pointless distress at once. An unreasoned cut, apply to virtually all functions and services of Government, affects the good and bad alike and imposes unjustifiable hardship on activities without regard for their relative importance to the public welfare and need. Fortunately, the Constitution of the United States has established two Houses in the National legislature; and it is my hope that the Senate will repair this damage.

I would like to address myself particularly to the effect of these amendments on medical research.

The problem of medical care is placing an increasing burden on the Federal Government and on the taxpayer, particularly as the veterans of World War II grow older. Already Federal expenditures for medical care have reached the level of \$2,000,000,000 a year—10 times the 1940 expenditures. The cost of hospitalizing the mentally disabled is tre-

mendous. These costs are going to increase as the years go by. We accept this burden as part of the care which a civilized community must provide for its less fortunate members. We should not cut back medical care for veterans, and for others who are entitled to it. The exemption of medical care personnel from the Thomas-Taber amendment is evidence of the responsibility which we all feel to make medical services adequate.

But the only way in which we as a nation can avoid a crushing increase in the cost of medical care in the future is to move ahead with the medical research whose end result will be a decrease in the medical-care burden of the future.

Let us look at some cold facts. Expenditures of the Veterans' Administration alone for medical services totaled \$760,000,000 in fiscal year 1948. Sixty percent of the 105,000 patients hospitalized by the Veterans' Administration on June 30, 1948, were tuberculosis and mental cases. The only hope for reducing this case load lies in intensified research on the cause and cure of these diseases. If we found the key to mental disorders alone, the cost of hospitalizing veterans would be reduced by more than \$300,000,000 a year.

The Hoover Commission task force on Federal Medical Services said, that medical research must be stimulated to the maximum potential of the skilled manpower available to conduct it. This impartial group felt that the Treasury can best be protected by using every means to prevent disease rather than by unlimited hospitalization. Finally, the Hoover Commission also pointed out that in recent years increases in expenditures for medical care are outstripping those for control and prevention. It is obvious to all of us that the reverse should be the case.

And now we are confronted by an amendment which will, if not modified, force a contraction of the very work which is our best hope for reducing the terrible tax burden of caring for the ill and disabled in our hospitals and asylums.

The case against forcing this contraction in medical research is strengthened when the precise nature of the Federal activities is examined. The Congress has shown the greatest foresight in recognizing that the chronic diseases are supplanting infectious diseases as the major cause of death and illness. Creation in the Public Health Service of the National Heart Institute, the National Cancer Institute, and the National Institute of Mental Health is tangible evidence of the desire of this body to speed up medical research. The Public Health Service is also, with our encouragement, expanding its research in arthritis, rheumatism, and related diseases, and there is now before the House a bill to establish an institute for a wider program of investigation in these fields.

These diseases—heart disease, cancer, arthritis, rheumatism, mental disorders, and multiple sclerosis—are precisely those for which the people of the Nation have demanded better treatment, better

methods of prevention. In this group of diseases are found the major killers and cripples of the American people. Research in some of them is beginning to yield leads and clues that show distinct promise. Obviously, it is foolhardy to initiate medical research in one year, then cut it back in the next year. If the enormous potentialities of these studies are to be realized, the support must be stable from year to year.

This basic fact is well illustrated by the story of cortisone, the new drug which has performed near miracles in the treatment of arthritis and several other diseases. Dr. Vannevar Bush, in his book *Modern Arms and Free Men*, says that the small amounts of money spent on cortisone research by this country during the war years has proved far more valuable than all the rest of the wartime medical research program.

Comparable studies in other fields of medical research are now in progress or are about to begin. A common-sense desire to cut down on the future burden of medical care makes it mandatory that Congress not disrupt the medical research activities of the Public Health Service.

Cancer research, among other areas, will be hit particularly hard. You will all recall that the Congress has repeatedly turned down proposals to pour huge sums into cancer research. Those who urged that practically unlimited funds be made available did not realize that the state of knowledge of this disease dictates a long and arduous series of basic investigations. Congress set the framework for this realistic approach. The National Cancer Institute has built and operated its research program within this realistic limitation. If the Thomas-Taber amendment becomes law, the Nation's greatest cancer research program, which has already been stabilized and started along a carefully considered path, will be seriously impaired.

Our people today are faced with a desperate shortage of medical care and treatment. The truth of these words has been recognized by the very amendments which, if adopted, will erase much of the current medical progress which is being made. These amendments specifically exempt nurses, doctors, and other medical personnel. But exemption of these front-line medical people alone is short-sighted, since it fails to exempt also the chemists, biologists, physicists, and technicians who are indispensable members of the research staffs of the Public Health Service.

Although we cannot hope to increase the number of physicians immediately, we can and should use every means to make each doctor as useful and as effective as possible. We can do this only by placing in the hands of medical practitioners the products of medical research as quickly as possible, so that each doctor may be able to serve more patients more efficiently, or that doctors and health officers may prevent illness more effectively. I need not tell you that an epidemic of diphtheria or smallpox which in the past would have required hundreds of doctors for diagnosis and treatment, today may be controlled rapidly and efficiently with a far smaller

staff equipped with modern drugs and techniques developed through medical research. You are all of course aware of the almost miraculous cures effected by sulfa drugs and antibiotics, such as penicillin, streptomycin, and others. We cannot now deprive doctors of the scientific research help which in the past has given them the weapons to fight disease. We should not postpone, even for a day, the availability of the new drugs that scientists are working on. We must not impose disruptive restrictions on these research programs and still expect productive results.

The effect of these amendments on medical research scientists themselves cannot be overestimated. We all know that it has been extremely difficult to recruit and hold the best scientific brains in Government service. Substantial progress has been made in removing the reservations of medical research scientists as to the possibility of doing effective work in Government laboratories. The stimulating achievements and congressional recognition of Federal medical research since the war have attracted able men. They have found that they can have the cherished freedom of inquiry essential to productive research. They have been given the space, equipment, and help required for modern medical research. Salaries have been made more adequate for top-flight medical research scientists.

The missing critical element is assurance of stability. Research in cancer, heart disease, and mental disease is a long-term proposition. The work eventually resulting in the startling findings that we read about is deliberate, painstaking, and may have gone on for 20 or 30 years before the answers are finally found. To interrupt research of this sort is virtually to destroy it.

Research scientists know this, and they will not tolerate a situation in which the conditions essential to their work are absent. The Taber-Thomas amendment will not only disrupt work in progress, but will forestall the recruitment of the scientists whose efforts are the heart of medical research.

For the sake of real economy in the medical-care expenditures of the Federal Government, and for the sake of those whose lives will be needlessly sacrificed if medical research is interrupted, I trust that the Senate will not approve the Taber and Jensen amendments.

Ninth. Why should the amendments affect the Bureau of Old Age and Survivors Insurance, which operates out of special top funds paid in by workers and employers, yet it does just that. The list of social security beneficiaries grows from year to year as the system reaches toward maturity, and they have a greater workload each year. Congress will probably, at this session, broaden and extend coverage of the system and thus add more work. How senseless it is to cut an item like that in face of the plain facts as to what they have to do under the law.

PERSONAL SERVICES

Salary requirements are related directly to the volume of work which the Bureau receives for processing. The volume of work which the Bureau must

process is not subject to control by the Bureau. It depends on such factors as general economic conditions, retirement rate of aged workers and death rates. The work must be processed currently if the objectives of the program are to be met. A 10-percent reduction in salary funds would mean the accumulation of backlogs and furnishing of inferior services to the public. If salary funds are reduced 10 percent the Bureau would have to reduce its present staff by 550 employees. An increase of 650 employees in the present staff is needed to process the increased volume of work in fiscal year 1951. Thus, the Bureau would have to operate with approximately 1,200 people less than it needs to do the job. This increase in the volume of work is characteristic of the Bureau's program and the volume will increase for many years until the program matures.

RENT AND UTILITIES

A reduction of 10 percent in funds for rent and utility services would necessitate the closing of a minimum of 50 field offices throughout the United States. In addition, we would have to release 10 percent of the business machines required to maintain 80,000,000 social-security accounts, making 188,000,000 postings to these accounts and the payment of 3,500,000 beneficiaries their monthly benefits. Benefit checks will probably be delayed and work will pile up for lack of machines to process the work received.

PRINTING AND REPRODUCTION

The Bureau's estimate of requirements for printed forms, tabulating cards, and tabulating forms is directly related to the anticipated workload. The reduction in the money available to purchase these items would seriously hamper the daily operations of the Bureau. Tabulating cards and tabulating forms are essential to the posting and maintenance of wage records which are the basis of payments of benefits. Since it is expected that 185,000,000 employees' earnings items will be received in 1951, a 10-percent reduction in this category would necessarily result in our inability to completely process 18,500,000 of these items and would therefore necessitate the carrying over of a backlog of 18,500,000 items into fiscal year 1952.

This is typical of the effect that will be felt in a great number of our operations. In a fashion similar to the above, our claims development would be impaired if a sufficient number of forms were not available. Since we estimate that 910,000 claims applications will be received in 1951, the cut applied to printing and reproducing would have the effect of delaying the processing of about 100,000 applications for benefits. Since printed forms, tabulating cards, and tabulating forms are the indispensable means whereby the Bureau accomplishes the job which it has to do, the arbitrary cutting back of funds will inevitably have a disastrous effect upon the Bureau's ability to perform its job.

TRAVEL

The 20-percent decrease in travel is particularly stringent in view of the fact that the proposed appropriation provides for an absorption of 50 percent of the increased travel cost arising from Public

Law 92. Since the Bureau serves the entire Nation in all corners of the country, additional restrictions will seriously hamper its efforts to extend the same type of service to all citizens to the extent compatible with sound and economic operations.

The \$177,727 decrease in travel will require a sharp cut in service area travel with a result of curtailment to the public. Service area travel requires 53.5 percent of the travel funds in the budget. Service area travel is mainly concerned with dealing with the public through itinerant stations which are visited generally once a week or once a month as determined by the workload. These visits would have to be curtailed. Such curtailment would delay the taking of claims applications for several weeks in those localities which are serviced by the almost 2,600 itinerant stations maintained by the Bureau. The decrease in funds could make it imperative to close over 500 of these itinerant stations so that the areas affected would receive no direct service. Thus the less populous areas of the country, where access to a field office is difficult and expensive for an aged person, would be discriminated against and subject to serious delays in the filing of claims and the receipt of benefit payments. Moreover in all parts of the country, both rural and urban, sick and infirmed aged persons, widows, and children would be deprived of a service designed to assist them in overcoming the financial losses arising from old age or death.

MISCELLANEOUS SUPPLIES AND EQUIPMENT

A reduction of 10 percent in the estimate for supplies and materials would in part have an effect of leaving employees without the supplies to do their jobs, without the space and file cabinets required to house necessary records, without the money to microfilm records, and so forth. As a result, the Bureau would not have the necessary supplies to do the job it is required to do by law.

Tenth. Here is another example of the ridiculous effects of the amendment to cut \$600,000,000 from the bill. Remember that on this floor the hospital construction program under the Hill-Burton law was raised from \$75,000,000 to \$150,000,000. That is in the form of contract authority. We had a record vote on it the same day we had the Taber amendment. The Taber amendment will probably reach that item and cut it 10 percent, or perhaps some other amount. Examine the amendment. It cuts contract authorizations as well as cash appropriations, and even though it is sugar-coated by naming personnel, travel, supplies, rents, and so on, instead of naming specific programs and projects which it inevitably must affect, it does not by any stretch of interpretation exempt the Hill-Burton grant program. How much is impossible to say at this point, but nevertheless it is affected. I challenge anyone to show me that this is not a fact. Did you know you were doing this on the same day you were voting to increase hospital grants?

I will go further and say that in my opinion, the amendment applies to other grant programs, and can very well result

in cuts in such items as Children's Bureau grants for maternal and child welfare, for vocational education, and others. I doubt that it could touch grants for old-age assistance, because the obligation there is specific and statutory, or if it did, the result would be a deficiency appropriation later.

The cuts will also adversely affect the Labor Department. It will curtail some of the staff engaged in enforcing laws passed by the Congress. The Eightieth Congress did a job in cutting the Labor Department, and this will go further. Services to veterans, which the proponents of the amendments tried so carefully to exempt from the amendments, will be impaired. Here are some specific examples. How many of you knew this when you voted for the two amendments?

First. A 10-percent cut in the Bureau of Employment Security, which includes the Veterans' Employment Service set up under the GI bill, would mean in round figures about \$560,000. The committee cut the estimate \$136,000, so that leaves an additional \$424,000 to come out. Some of it will fall on the Veterans' Employment Service, a service badly needed now—more needed now than ever before when veterans are coming out of colleges looking for work. Their job is to find jobs for veterans. They have to travel around to find those jobs. The travel costs, therefore, figure largely in the budget. That is cut 20 percent, not 10 percent. With its personnel and travel allotments cut to that extent, the service will be materially impaired.

Second. Congress has also enacted very specific laws relating to rights of returning servicemen to their former positions. There is a small bureau in the Department handling that matter. The amendments will severely cut into that Bureau. No one can charge it with excessive personnel—it has a staff of less than 50 people to cover the whole country. The law has to be enforced and administered. Veterans are entitled to their rights as the Congress has provided. What did you intend to do on that—cut it down or not? I doubt if anyone fully realized what they were doing on that when they voted for the amendment.

Third. Years ago Congress passed the Davis-Bacon law requiring the Secretary of Labor to set prevailing minimum wage rates for labor employed on construction jobs financed with Federal funds. The rates have to be set for each locality in which the work is done. The rates must be made part of the advertisement when bids are called for on the construction. The contractor must adhere to them. Thus it is clear that these determinations must be accurate and up to date, otherwise both labor and the contractors are not treated fairly. What has happened? We gave them an increase in the bill for next year to try to aid them in meeting a phenomenal increase in this work. In the amended Hill-Burton hospital construction law, in the airports law, and the last housing act, provision is made for the Secretary to make these determinations. He has to do it; he has no alternative. Now we come along, in the face of that, and impose a 10-percent cut. It just does not

make sense, and I predict there will be a serious problem there.

Fourth. The Bureau of Apprenticeship will feel the effects of the amendments, and very sharply. They are trying to get the skilled-labor force of the Nation built up through apprentice-training programs in various industries where there are insufficient numbers of skilled workers. They are accomplishing something, too. The crux of their situation revolves around two things—personnel and travel. They work to solicit cooperation in the programs with both management and labor. They have to get around to do that. That requires travel. It also requires people. The travel cut will be serious, especially. I submit, that in the face of world conditions as they are today and the ever-present threat of more serious trouble, we ought not be cutting down on efforts to fill some of the gaps in our skilled-labor force. That is the purpose of this program and the amendments, as I see it, will be a setback to those efforts.

Fifth. The Consumers Price Index of the Bureau of Labor Statistics, more popularly known as the Cost-of-Living Index, will come in for a cut-back if these amendments stand. And at the very time when the Department is in process, in response to widespread demand and on specific approval of this Congress, of revising the bases used in compiling it so it will be more accurate. I am sure all of you are familiar with the widespread use made of the indexes of the Bureau by labor, management, and Government.

You recall the fact that General Motors wages were hitched to the index. Congress uses statistics of the Bureau through various committees from time to time. These are bound to be cut to some extent. I do not believe our committee was at all too liberal with their budgets.

I have cited some of the more obvious instances in which the Taber and Jensen amendments will adversely affect necessary functions and services. In evaluating these effects, I have assumed that the Taber amendment, which takes effect in substantial measure ahead of the Jensen amendment, makes only a \$600,000,000 cut. If it does more than that, and there is considerable basis for speculating that it does, then the effects will be more drastic and far reaching. Nothing in the debate clarifies what its full effects are. If you examine the amendment carefully, you will find that without making any exemptions or exceptions whatsoever, not even veterans or defense items, the amendment cuts \$600,000,000 from the bill. That, as I mentioned before, appears to include, in my opinion, it does include, the legislative and judicial branches. Then it proceeds to list limitations on various objects set out in the budget estimates, although note that it does not, in these 10 limitations, actually cut out the funds. Presumably they would have to be frozen or impounded and returned later to the Treasury. Whether that was intended or not, I do not know, but at one point in the debate, the gentleman from New York said, in response to a question on the point, that the Taber amendment was along the same lines as the Thomas

amendment except that it carried \$600,000,000 instead of \$500,000,000, and on top of that, would effect substantial additional savings. So what does the amendment mean, and what does it do? How far does it go? Time will, of course, tell, but I venture to predict that upon full realization of its ultimate effects, it will have to be very materially altered and delimited if very essential services and functions of the Government are not to be scuttled and crippled to the detriment of the best interests and welfare of the people.

GOVERNMENT ECONOMY

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. JENSEN. Mr. Speaker, the following editorial recently appeared in the Council Bluffs Nonpareil, of Council Bluffs, Iowa:

"MEAT-AX" ECONOMY

Tanks of crocodile tears are being shed by soft-hearted editors and commentators over the "meat-ax" economy the House of Representatives applied to the omnibus appropriation bill.

That isn't the right way to economize, the critics scream. Every item should be weighed carefully, and cuts should be made only when absolutely justified.

One would think that the whole structure of government is endangered because the House authorized "only" about \$28,900,000,000 to operate the Government for the next fiscal year.

The truth is the Government could be run for a great deal less than that if there were any efficiency in Washington. The bureaucrats don't even know the meaning of the word.

Bear in mind the \$28,900,000,000 doesn't include some \$5,000,000,000 interest on Government bonds, over \$3,000,000,000 foreign aid, and other items which will make Government spending total \$5,000,000,000 or more than the Treasury expects in taxes.

The amendment offered by our own Congressman BEN JENSEN could reduce the Federal payroll by 200,000 or more next year, if approved by the Senate and enforced.

Nobody would be fired. Departments and agencies would simply be prohibited from replacing unneeded employees who quit their jobs.

The 1,800,000 left on the payroll would be plenty to do all the work, without working very hard in most cases.

Most Government departments and agencies have far more employees than they need or can use efficiently. In many offices the employees are so numerous they get in each other's way. To relieve the congestion they spend much time in rest rooms and at coffee bars.

There will be enormous pressure upon the Senate to undo what the House did. "Meat-ax economy" scare tactics will be used to the limit.

Don't be fooled. No meat-ax cut of appropriations can possibly do as much harm as the continued reckless spending of borrowed money.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from South Carolina [Mr. BRYSON] is recognized for 15 minutes.

SOCIALIZED OR POLITICAL MEDICINE

Mr. BRYSON. Mr. Speaker, South Carolina has many illustrious sons and daughters whom she delights to honor. But it is a special privilege for me today to recall with you the story of Dr. J. Marion Sims. His name has long been honored in South Carolina. Many of you, I am sure, have stood before the noble statue on the grounds of the State capitol in Columbia, gazing at his fine face, and reflecting on the life of this son of a Lancaster County tenant farmer and innkeeper who became a world-famous doctor. Hospitals and clinics throughout the country, including my home town of Greenville, S. C., bear the name of this distinguished benefactor. But only recently has the rest of the country begun to know that story. His new biography, *Woman Doctor: The Life Story of J. Marion Sims*, by Dr. Seale Harris, gives such a fine picture of the triumphs, the teachings, as well as the failures and the hardships he experienced in the process of founding the modern specialty of surgical gynecology, that I hope you all can read it. The surgical techniques he developed were so strikingly and immediately successful that they became common practice within his lifetime. And he lived to see the revolutionary new Woman's Hospital, which he established in New York City, grow to be a great institution which served as the fountainhead of gynecological knowledge and the pattern for similar hospitals for women throughout the world.

Only recently, as I have said, has his name become known outside of medical textbooks—where it was very well known indeed. And, perhaps, there could be no more appropriate time for this splendid biography to reach the bookshelves. For today, from some quarters, we are being warned of the fearful consequences of allowing the family doctors who have brought all of us into the world, and have sat by our bedsides on so many late nights, to continue to care for us in the splendid way they are doing. Only government intervention, we are told, will solve the great problem of assuring adequate medical care for everyone. Now it has always been hard for South Carolinians to believe that there is any problem—even such an enormous one as this—which they cannot solve themselves. And because the story of Dr. J. Marion Sims is so magnificent an example of the reasons South Carolinians feel this way, I should like to review it with you at this time.

The home into which Marion Sims was born, on January 25, 1813, would certainly be described as "underprivileged" by many persons today. In the first place, his father was handicapped not only by landlessness but by a lack of schooling. Moreover, although he was a man of great personal charm and handsome physique, he was not what would be called a good provider. Like that other native of Lancaster district, Gen. Andrew Jackson, he enjoyed a good cock fight. The boy's mother, red-haired Mahala Mackey Sims, was as hard working as she was pretty and, like most of her

Scotch-Irish Presbyterian family, had both a great reverence for the value of learning and a profound intolerance for light-minded sporting activities. But she had far too many children by modern standards—eight to be exact—and in addition to her duties as a wife and mother, she was responsible for the housekeeping in the hotel which served as the family's home and the source of its unpredictable income. But they were a confident and ambitious family and, somehow or other, they managed to see that young Marion was sent to school at the age of five.

The story of the boy's early years is more remarkable for its revelation of his human qualities than for any signs of budding genius. He was neither the best nor the worst student in his class. When, upon graduation from the old Medical College of South Carolina, he returned home to hang out his shingle, there were still no indications of the illustrious career which many years later was to cause the Emperor Napoleon III to summon Sims to treat the ailing Empress Eugenie. The young doctor's first two patients died and his first few months of practice were so unsuccessful that, late one night, he took down his sign and dropped it into an abandoned well. Finally, deeply discouraged, he determined to move to the frontier town of Montgomery, Ala., in 1835.

The true measure of the man appears, in my opinion, in the way he reacted to adversity. As a student in medical college he had made up his mind that he would have as little as possible to do with the special diseases of women. But a large part of any doctor's practice at the time was devoted to bringing children into the world, and these confinements were too frequently fatal. Young Dr. Sims could have persuaded himself, when a mother he was attending died in childbirth, that this death was no fault of his own. But a sensitive nature which caused him to brood over the death of these first patients was combined with a stubborn will and an inventive imagination which shortly led him to rebel against the haphazard methods of the doctors of his time, with their blistering, bleeding, and indiscriminate dosing. Gradually his previous lack of interest in medical research was transformed into a perpetual eagerness for new explanations of familiar illnesses.

We cannot here go into the whole fascinating story of the development of this great man. But I should like to recall with you a few of the milestones which, in my mind, are especially significant. A discouraging and protracted siege of malaria, which incapacitated the young doctor, served only to stimulate his interest in a possible cure for this disease which was a scourge of the community. In 1847 Dr. Sims was working with his colleague, Dr. William O. Baldwin, on experiments with quinine. He was corresponding with Dr. Josiah Mott, whose article in the *New Orleans Medical and Surgical Journal*, had suggested that such diseases as yellow fever and malaria might owe their ignoring to some infection carried by insects. Even his

best friends had begun to banter him about his theories.

At about this time, too, he became absorbed with the problem which was to establish not only his own career, but the branch of medicine which he founded. One of his first patients had been a young slave girl who had died following childbirth as the result of a rare type of fistula. Consulting his medical books, Sims found that the leading surgeons of Europe had been trying vainly to devise operations to save the victims from this agonizing and inevitable death. Day and night while making his rounds, this small-town doctor pondered the problem and continued his experimental surgery. One incident is especially revealing. He tells us that he reached the solution of one part of his surgical problem at 3 o'clock one morning. He wrote:

I was so elated with the idea that I could not help waking up my kind and sympathetic wife . . . and telling her of the simple and beautiful method I had discovered . . . I lay there till morning tying the suture and performing all sorts of beautiful operations.

When he became dissatisfied with the silk sutures, which were in common use at the time, his busy mind continued to seek a more reliable substance than silk. One day he happened to pick up in the yard of his home a small piece of the fine brass wire used in suspenders. Immediately it became clear to him that a similar wire constructed of silver might make just the kind of suture he needed. Under his instructions, a local jeweler made a wire of unalloyed silver drawn as thin as a horse hair, and in May of 1849 he performed another fistula operation, using the fine and flexible new silver wire. A week later—4 years to the day from his first hopeful experiment—he examined the results and found that the fistula has disappeared without infection. The "backwoods surgeon" had found a surgical process that had been vainly sought for hundreds of years.

When he was forced by the recurring malaria to move north to New York City, he became concerned with the fate of the working immigrant mothers who could find no facilities in the whole city for specialized medical or surgical care. In his own words, he determined that—

As a matter of common humanity . . . these women ought to have access to a hospital of their own.

And so he conceived the idea of the first woman's hospital. He not only conceived the idea, but he persuaded his skeptical colleagues of its worth, he raised most of the money to establish it, and in its surgical wards he set standards of cleanliness and surgical skill which established the outstanding record of that institution in its first years. As time passed, the fame of the hospital became so great that women of every station and from all parts of the country came to its door. Dr. Sims' own words give us a glimpse of the significance of this project:

We have always made tolerably good provision for the wretchedly poor—

He wrote—

but never till the Women's Hospital was organized had we any place where educated

and cultivated women could go for relief when they had not the means to command it.

A sacred principle of the institution was the rule that care should be furnished for all women, whether rich or poor, and regardless of whether or not payment was received.

As I have said, it is impossible to recount here even a small part of the spectacular achievements of this great South Carolina surgeon. He experimented with using silver sutures in all sorts of operations—surgery of the nose, amputations, and abdominal wounds. He worked with Dorothea Dix in improving the conditions of the mentally ill. He was a founder of the New York Cancer Hospital, and a pioneer in gall bladder surgery. As his fame spread, he found himself in great demand for lectures and demonstrations throughout this country and in the great hospitals of Europe. He was eagerly sought by royal households, and his practice extended throughout the civilized world.

Such renown brought its rewards—but it brought also its penalties. Full of ideas, burning with zeal for further advancing the science of medicine, Marion Sims inevitably encountered jealousy and resistance even as his success increased. A strong religious conviction was his mainstay through these trials, as it was in his personal tragedies. His beloved son died on a Confederate battlefield. Another son had died at the age of 3, leaving his father inconsolable. In his own writings, Sims tells us that he drew upon his religious convictions during all of these adversities, and came to believe that his life, like Job's, was directly subject to divine control, and that all of his hardships had been ordained to test his fitness for the great work he was called to do.

At his death from pneumonia at the age of 70, in 1880, the British Medical Journal said of him:

His achievements are written in imperishable letters in the annals of modern surgical practice, and there are thousands now living, and succeeding thousands in generations of women yet unborn, who will have reason to rise up and call him blessed . . . he succeeded by sheer force of unaided genius, and by the characteristics of thoroughness, simplicity, and ingenuity of character and methods. . . . He was known in all the capitals of Europe and in all he has left an enduring monument and bequeathed a legacy for which suffering humanity will ever feel cause to be grateful.

South Carolina is proud to share the memory and example of so great a man with the rest of the country and the rest of the world. We rejoice that Marion Sims has at long last begun to achieve the fame and honor in our own times which he so richly deserves. We rejoice in his achievements as a great surgeon and a great scientist—a great life-giver. But, ladies and gentlemen, there is another priceless lesson for us today in the story of this great humanitarian. For Dr. J. Marion Sims was, most of all, perhaps, a shining example of the independence, the tirelessness, and the resourcefulness of the American doctor; striking characteristics which have made this the healthiest Nation in the world. When I listen to proposals for socialized medi-

cine I think of Dr. Marion Sims, and I have no doubt of what his sentiments on the subject would be. What, I ask you to consider seriously, would have been the fate of so restless and so original a man at the hands of a governmental bureaucracy? And I call for your support in helping to overcome the present threat against a profession which has produced such men, and which threatens as well the very foundations of our system of government. Even if the only consideration were the effect on the quality of medical care which we have achieved in this country, I would have no doubt that I must oppose such a measure with all of the powers at my command. For I say to you that if the doctors of this country were to become virtual Government employees, the profession would lose forever that independent type of doctor who is as necessary to the protection of the Nation's health as is the solution of the patients' financial problems.

If you have any doubt on that score, ladies and gentlemen, I would like to call your attention to a recent statement which appeared in the British Medical Journal—yes, that same Journal which paid such a glowing tribute to Dr. J. Marion Sims. We all know that Great Britain has adopted a system of socialized medicine. Let me read to you a communication from socialized doctors themselves which appeared in the issue of the Journal for June 19, 1948. And as I read it, will you try to imagine that you are Marion Sims, and try to feel as he would have felt? Because these doctors, my friends, are urging that their colleagues join them in establishing a trade-union—a trade-union, if you please, for doctors. Now, listen to what they write:

As members of a properly constituted trade-union our minimum demands should be: (1) A 44-hour week. (2) Payment at time-and-half rate for overtime up to 12 hours a day and double time for any longer hours worked. (3) Holidays with pay. (4) Locum provided free in sickness or when on holiday. (5) Transport provided. (6) Compensation for accident or illness sustained while at work. (7) Special payment of "danger money" for work in pathology, bacteriology, and infectious diseases. (8) Provision of staff to do work of secretary, telephonist, and receptionist. (9) Provisions of surgery with furniture and all medical instruments, or payment or rent for those now supplied by doctor.

I repeat, ladies and gentlemen, what would Dr. J. Marion Sims have said about such a statement—and in his great name, what else must you and I say and do about this kind of thinking?

I would not have you think that these sentiments are shared by all of the doctors in Great Britain. For there, too, the ideals and the sense of dedication which prompt a man to enter the medical profession have not been completely subjugated. Many words have been said on this subject and many claims have been made. I would ask you, therefore, to listen to some of those other doctors in Great Britain who, by the hundreds, have also written to the British Medical Journal their desperate protestations against the fate which has befallen them. Because they can speak from experience, and therefore so much more eloquently than I can, I have selected some of their

letters from the columns of the Journal to share with you.

From Caernavonshire, a doctor who signs himself "G. P." wrote—February 2, 1949:

The greatest tragedy of it all is that within one generation or less the family doctor will be no more. Instead there will be a "shop-walker" directing the patients to different departments. . . . We have always worked hard without thought to overtime and hours of work, and without any thought as to whether any one patient would pay us a bean or not, and we have struggled along without complaint.

So far we carry on just the same, giving the best we can under the increased burden of more work, which does not worry us so much, but the other burdens on our shoulders—and they are very heavy ones—the burden of financial insecurity, the burden of loss of freedom in many branches of doctoring, the burden of impending directorship and dictatorship from above, the burden of being told what we can prescribe, and what we cannot, the burden of being told which consultant we must have, etc., etc., are just about killing . . . Fortunately it is such a sad state of affairs that I do not think it can or will last very long, as it is all so contrary to the British way of life and also to human nature. . . . But the tragedy is that they may in time be able to breed and educate . . . a generation that see only their point of view. Hitler nearly did, but presumably he is dead now. Let this country not repeat his mistake.

There speaks the spirit of Dr. J. Marion Sims—and the spirit of the profession which he honored. More briefly, but in the same spirit, Dr. W. Edwards wrote from Surrey—October 23, 1948:

Before we acquire a new set of conditioned reflexes and learn to kowtow three times as each new regulation drops on our breakfast tables, cannot we decide just where we stand . . . is a doctor's duty to his patients or to the administrative machine?

From Essex, one Dr. G. B. Kirland wrote describing his miserably threadbare condition growing out of the fact that his payment from the state had been refused in a dictatorial manner.

A further application under the regulations—

He continues—

has received still less attention, the committee refusing even to consider it. Not only are we to be financially ruined by statute—

He protests—

but shamed and insulted by county medical societies.

This is one answer to the false claim of the advocates of socialized medicine that liberty will be preserved by the powers reserved for local medical units.

Sometimes the statements are more eloquent in their implications than in their wording. A brief note in the issue of March 5, 1949, for example, warns that—

Since the National Health Service started many doctors have been asked to give information about patients which, if disclosed, might amount to a breach of professional secrecy. . . . The Central Ethical Committee is anxious lest medical men, already deluged with a bewildering variety of official forms, lose sight of this principle and think that any form with an official appearance must be filled in.

In the issue of June 19, 1948, appears a stanch but beleaguered statement by Dr. C. Gordon Harper, from Carlisle:

I wish to know at once—

He demands—

what interpretation is likely to be placed . . . on the loyalty of those members of the profession who are unable to share the view . . . that the present debacle is in reality a great victory, and who are still not prepared to sign away either the great and abiding professional principles for which we have stood or the few personal rights remaining to us?

A commentary upon the availability of facilities for care, suggests what has happened in that area.

It is practically impossible to admit even the most urgent medical cases into a hospital—

Writes Dr. H. Simon in London.

The other night I had to wait for more than 2 hours to get the reply . . . that nine hospitals in London and Middlesex area were unable to admit a most urgent case of mine.

From Fife comes a protest against another feature of the plan which points to its violation of the great principle which led to the American Revolution. This letter describes the indignation of patients against the outrage of compulsory payment of contributions to this health and pensions scheme against their free will, and particularly where they have no intention of availing themselves of the very doubtful benefits conferred by it.

These protests, ladies and gentlemen, are having their effect and, you will be glad to know, I think, that a strong opposition is developing within the British medical profession. On November 19, 1949 the Fellowship of Freedom in Medicine was established to fight the battle against socialization of the profession. Something of the spirit of this organization is reflected in the words of Lord Horder, formerly a physician to the royal household, who declared at that meeting: "It looks to me as though we have only to wait a little to see the Minister sabotage the act himself." He reminded his colleagues that when he had warned the profession that under the act, the Minister could, by regulation, doctor the patients from Whitehall, he was thought to be an alarmist. But a recent order issued to a hospital had stated:

The use of penicillin in this hospital must be cut down as it is so expensive.

What would Dr. J. Marion Sims have said to that, I ask? And I reply that he would, today, be crossing the Atlantic once more to help fight the greatest threat to his ideals and his convictions that has appeared since his death.

You and I and people all over the United States have so far been spared such a fate. As for myself, I have never had any least doubt as to what my course would be—I intend to oppose socialized medicine with every power at my command. My conviction in this regard has been deepened and strengthened even more—if that were possible—by

again reading about, and thinking about, the life of Marion Sims. I intend, in my small way, to fight the battle of his profession with as much courage and as much persistence as he possessed.

EXTENSION OF REMARKS

Mr. RANKIN asked and was given permission to include in his extension of remarks on the Foreign Economic Assistance Act conference report certain excerpts from the Reader's Digest.

Mr. O'TOOLE asked and was given permission to extend his remarks and include an address delivered by Hon. Louis Johnson in New York last Saturday.

Mr. MADDEN asked and was given permission to extend his remarks and include an editorial.

Mr. MULTER and Mr. KLEIN asked and were given permission to extend their remarks in two instances and include extraneous matter.

Mr. BLATNIK asked and was given permission to extend his remarks and include a letter.

Mr. CHESNEY and Mr. VAN ZANDT asked and were given permission to extend their remarks.

Mr. HERTER asked and was given permission to extend his remarks and include an article.

Mr. TAYLOR asked and was given permission to extend his remarks and include a resolution.

Mr. GAMBLE asked and was given permission to extend his remarks and include statistics on housing from the Bureau of Labor Statistics.

Mr. TEAGUE asked and was given permission to extend his remarks in two instances and in each to include extraneous material.

Mr. YOUNG asked and was given permission to extend his remarks and include extraneous material.

Mr. DONOHUE asked and was given permission to extend his remarks and include extraneous material.

Mr. HORAN asked and was given permission to extend his remarks in two instances and in each to include extraneous matter.

Mr. McCORMACK (at the request of Mr. PRIEST) was given permission to extend his remarks in two instances and to include addresses in each.

Mr. SHELLEY (at the request of Mr. HAVENNER) was given permission to extend his remarks and include a report entitled "Contracting of Mexican Farm Labor in the United States," notwithstanding the fact that it will exceed 2 pages of the Record and is estimated by the Public Printer to cost \$218.68.

ENROLLED BILLS SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker pro tempore:

H. R. 6329. An act for the relief of Betsy Sullivan.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted, as follows:

To Mr. SADLAK, for an indefinite period, on account of illness in the family.

To Mr. JACOBS, for 4 days, on account of death in the family.

To Mr. HAND (at the request of Mr. CASE of New Jersey), until May 31, 1950, on account of a death in his family.

ADJOURNMENT

Mr. McSWEENEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 28 minutes p. m.) the House adjourned until tomorrow, Wednesday, May 24, 1950, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1471. A letter from the Acting Secretary of State, transmitting a draft of a bill entitled "A bill to provide for the education of the dependent minor children of the military and civilian personnel of the Federal Government stationed overseas"; to the Committee on Foreign Affairs.

1472. A letter from the Comptroller General of the United States, transmitting a report on the audit of Federal Prison Industries, Inc., for the fiscal year ended June 30, 1949 (H. Doc. No. 602); to the Committee on Expenditures in the Executive Departments and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DAVIS of Tennessee: Committee on Public Works. H. R. 6339. A bill to authorize a survey to determine the feasibility and advisability of constructing a multipurpose tunnel through the Laguna Mountains in San Diego County, Calif.; with amendment (Rept. No. 2121). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOEBS: Committee on the Judiciary. H. R. 5487. A bill to provide for the review of orders of the Federal Communications Commission under the Communications Act of 1934, as amended, and of certain orders of the Secretary of Agriculture made under the Packers and Stockyards Act, 1921, as amended, and the Perishable Agricultural Commodities Act, 1930, as amended, and of orders of the United States Maritime Commission under the Shipping Act, 1916, as amended, and the Intercoastal Shipping Act, 1933, as amended; with amendment (Rept. No. 2122). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARTLETT:

H. R. 8606. A bill to amend the act of March 12, 1914, to authorize the construction and operation of a cement plant in the Territory of Alaska, and for other purposes; to the Committee on Public Lands.

By Mr. JENKINS:

H. R. 8607. A bill to amend section 811 (g) of the Internal Revenue Code (relating to proceeds of life insurance); to the Committee on Ways and Means.

By Mr. VAN ZANDT:

H. R. 8608. A bill to provide for a national agricultural policy to be carried out on a self-sustaining basis, and to promote conservation and development of the Nation's soil resources; to the Committee on Agriculture.

By Mr. McMILLAN of South Carolina:

H. R. 8609. A bill to authorize the District of Columbia government to establish an Office of Civilian Defense, and for other purposes; to the Committee on the District of Columbia.

By Mr. PETERSON:

H. R. 8610. A bill relating to the activities of temporary and certain other employees of the Bureau of Land Management; to the Committee on Public Lands.

By Mr. RHODES:

H. R. 8611. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, to reduce the Federal employee payroll by providing additional opportunities for optional retirement; to the Committee on Post Office and Civil Service.

By Mr. WERDEL:

H. R. 8612. A bill to provide for the construction of a military and strategic mineral access highway in the State of California; to the Committee on Public Works.

By Mr. HORAN:

H. R. 8613. A bill to authorize loans to make available in any area or region credit formerly made available in such area or region by the Regional Agricultural Credit Corporation; to the Committee on Agriculture.

By Mr. DONOHUE:

H. Con. Res. 215. Concurrent resolution expressing the sense of the Congress that the President should rescind foreign-trade agreements with Communist-controlled countries; to the Committee on Ways and Means.

By Mr. CLEMENTE:

H. Res. 610. Resolution providing for the appointment of a special committee of five Members of the House of Representatives to investigate the high cost of building materials; to the Committee on Rules.

By Mr. GATHINGS:

H. Res. 611. Resolution authorizing Members of the House of Representatives to have inserted in the Washington telephone directory, as their business telephone number, the number of the United States Capitol; to the Committee on House Administration.

By Mr. MULTER:

H. Res. 612. Resolution requesting the President to appoint a bipartisan commission relating to American policy in Germany; to the Committee on Foreign Affairs.

By Mr. VINSON:

H. Res. 615. Resolution to authorize and direct the Committee on Armed Services to conduct thorough studies and investigations relating to matters involving the finance activities of the Department of the Army; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHELF:

H. R. 8614. A bill for the relief of Terry L. Hatchett; to the Committee on the Judiciary.

By Mr. LODGE:

H. R. 8615. A bill for the relief of William M. Gordon and Emma L. Gordon; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2160. By Mr. GOODWIN: Memorial of the Massachusetts Legislature, for Congress to pass legislation providing funds for public-works projects for the Commonwealth of Massachusetts; to the Committee on Appropriations.

2161. Also, resolutions of the Massachusetts Legislature, memorializing Congress to pass a Federal Fair Employment Practices Act; to the Committee on Education and Labor.

2162. Also, memorial of the Massachusetts Legislature, for Congress to reject certain recommendations affecting veterans contained in the report of the Hoover Commission; to the Committee on Veterans' Affairs.

2163. Also, memorial of the Massachusetts Legislature, for Congress to pass legislation reducing to 60 years the age for eligibility for old-age assistance; to the Committee on Ways and Means.

2164. By the SPEAKER: Petition of Carl H. Reister, secretary, Los Angeles Postal Organizations Council, Los Angeles, Calif., against curtailment of postal service; to the Committee on Post Office and Civil Service.

SENATE

WEDNESDAY, MAY 24, 1950

(Legislative day of Wednesday, March 29, 1950)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Almighty God, who desires truth in the inward parts, we would come to Thee in that fear of the Lord which is the beginning of wisdom. Keep us, we beseech Thee, from the folly of attempting to deceive Thee, unto whom all hearts are open, all desires known. As those whose powers are dedicated to the Nation's weal, make us ever faithful to each challenging duty, loyal to every high claim. With Thy benediction may we face the toil of this day with honest dealing and clear thinking, with hatred of all hypocrisy and sham, and in the knowledge that all great and noble service in this world is based on gentleness and patience and truth. In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. GEORGE, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, May 23, 1950, was dispensed with.

MESSAGES FROM THE PRESIDENT—
APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on May 23, 1950, the President had approved and signed the act (S. 2350) to amend the act of August 8, 1946, relating to the payment of annual leave to certain officers and employees.